

Soldier
wounded
on border
with Egypt

By JOSHUA BRILLIANT
Post Defence Reporter
RAFAH CROSSING. — Israeli troops last night swept the barbed-wire border fence with powerful searchlights and conducted frequent patrols throughout the night after assaults the previous night threw a hand-grenade across the border, wounding a soldier.

The attack punctured a peace that had reigned for nearly 14 years, since the cease-fire after the Yom Kippur War. Israel and Egypt had just marked the tenth anniversary of President Anwar Sadat's historic visit.

The incident occurred about one kilometre north of this crossing point. Israel has built an electronic fence along this section of the border which divides Rafah, and the warning system went off at about 1.15 a.m.

A patrol was dispatched to this section, along a narrow asphalt road passing between rows of barbed wire and reached the point where the fence had been cut. The sapper, a Beduin whose name has not been released, was examining the 30 centimetre breach when the assailants hurled two hand-grenades from behind a sand mound on the Egyptian side of the border.

The explosions missed the soldiers but slightly injured the sapper in the hand. He was taken to Soroka Hospital in Beersheba, where he was treated and then released.

Though the patrol immediately opened fire across the border, the attackers got away. Egyptian authorities who searched the area yesterday reportedly found the tracks of two men, the hand-grenade pins and a ladder.

One possibility is that the attackers had been smugglers or would-be infiltrators. Considerable smuggling is believed to be going on in this area and only recently the Egyptians discovered a tunnel leading to Israel.

But the assailants may have intended to set an ambush, having cut the fence to lure the patrol.

Clearly, however, neither side wanted to turn the attack into a major incident. An Israeli source, reflecting the mood at the Southern

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Nakash
to leave
today

Jerusalem Post Reporter
William Nakash, who is wanted by French authorities for the 1983 murder of an Arab in the town of Besancon, is scheduled to leave Israel today to stand trial in France.

Nakash, who will be escorted to France by two French policemen, was transferred recently from detention in Ramle to Shata Prison near Beit She'an. Police sources said yesterday that the transfer was to prevent an attack on Nakash by other prisoners.

Minister-without-Portfolio Yitzhak Peretz, who lobbied strenuously against Nakash's extradition, called on French authorities yesterday to ensure Nakash's safety in French prisons. Nakash has repeatedly claimed that his life will be in danger in a French prison, where Arab prisoners are bound to seek revenge for the Besancon killing. Nakash alleges that the killing was carried out in response to anti-Semitic provocations.

Peretz also blasted the media's attacks on the Jerusalem Rabbinical Court which had delayed Nakash's extradition by issuing an order barring him from leaving the country.

MK Mattityahu Peled (Progressive List for Peace) urged Police Minister Haim Bar-Lev yesterday to take action against those who threatened to kill the attorney-general and lawyers from the State Attorney's Office if Nakash was extradited.

Japanese suspect in S. Korean
plane crash commits suicide

By DAVID HOROVITZ
Jerusalem Post Correspondent
LONDON. — Japanese Red Army terrorists are now believed to have been behind Sunday's bombing of a South Korean airliner in which 115 people died.

Two Japanese passengers, who left the plane at Abu Dhabi and were to have been questioned in Bahrain yesterday about the crash, took suicide pills just prior to their interrogation.

One, a 69-year-old Japanese man travelling in the name of Shinichi riachiya, died almost immediately.



Greek Foreign Minister Karolos Papoulias met yesterday with families of Israeli soldiers missing in action in Lebanon. Flanking him are Mr. and Mrs. Yona Bauman, whose son Zacharia has been missing since June 1982. To his left are Mr. and Mrs. Yosef Katz, whose son Yehuda has been missing since 1982.

(Jacqueline Arzi/ Media)

Meets families of missing soldiers

Greek FM optimistic
on bilateral relations

Post Diplomatic Correspondent
Visiting Greek Foreign Minister Karolos Papoulias told Prime Minister Shamir yesterday that he hopes his visit will open a new chapter in bilateral relations, according to sources in the Prime Minister's Office.

During the meeting, Shamir extended an invitation to Prime Minister Andreas Papandreu to visit Israel. Shamir complained that the state of Greek-Israeli relations do not reflect the warm feelings people in both countries feel towards each other. It was time to rectify this, Shamir said.

The sources added that Papoulias

agreed that Greece must recognize Israel de jure and said that he assumed the Greek government would deal with the matter "soon."

Shamir said that Greece could play a role in Middle East peace-making if it first instituted good relations with Israel, as it has with the Arab world. Shamir asked Papoulias to "explain" to the Arabs that peace can be achieved only through direct talks with Israel, and that violence, such as the recent hang-glider attack in Galilee, will lead nowhere.

Papoulias also met yesterday with families of Israeli soldiers missing in Lebanon, and promised to do what

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Target date of July 1
for issue of recognition

Visiting Greek Foreign Minister Karolos Papoulias yesterday implied, in an interview in Jerusalem, that the question of de jure recognition of Israel and an upgrading of Greece's diplomatic representation in Tel Aviv will be tackled by Athens before July 1, when Greece takes over the presidency of the EC Council of Ministers.

"I would not like to tie myself down on this. It is a matter that requires a decision by the Greek

Council of Ministers. But if I want to be consistent with what I said before — that date is certainly relevant to the taking of a positive or negative decision," Papoulias said.

Earlier, Papoulias had explained the thinking behind the recent improvement by Athens of its relations with Jerusalem. "My visit is very important. It is a new chapter in Greek-Israeli relations. It crowns the recent series of steps taken by us. We, the radical socialist regime elected to office in 1981, inherited the state of poor Greek-Israeli relations from previous governments. This new quality... shape of relations is due to the Greek government's desire for good relations with all Mediterranean countries, and especially with those who are protagonists in the Middle East conflict, and this is connected to... our presidency of the EC in July."

Papoulias said that, in that position, Greece "will take initiatives to promote the Middle East peace process, and we hope the EC itself will also take steps to this effect."

The foreign minister was somewhat tightlipped about the reasons for the past 40 years of poor bilateral relations. "This was due to a host of reasons, the most important of which being the explosive situation in the Middle East." When pressed, he said: "Perhaps, certainly, concern for the Greek diaspora communities played a role in this." He was referring to the fears in Athens, during the 1950s and '60s, that normalization of relations with Jerusalem would endanger the Greek communities in Egypt and elsewhere in the Levant.

In any case, Papoulias quickly added, "I cannot interpret the policies of other governments, of which

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Mock Israeli air raid on
Palestinian refugee camps

SIDON. (Reuters). — Israeli warplanes staged a mock air raid on Palestinian refugee camps in South Lebanon yesterday, scattering residents who feared a strike to avenge the killing of six Israelis last week, police said.

They said four planes screamed over Ein Hilweh and Miyeh Miyeh east of Sidon, drawing fire from Palestinian anti-aircraft batteries.

The volleys of tracer-fire missed the planes but wounded three children in a playground at the Makassed school in this port city, 45

kilometres south of Beirut. Most of the 34,000 inhabitants of the camps ran to underground shelters as the planes made a seven-minute pass over the area.

Palestinian anti-aircraft gunners have been bracing for an Israeli retaliatory raid since last Wednesday's hang-glider attack near Kiryat Shmona.

Syria is also reportedly expecting reprisals, but Western diplomats in Damascus said yesterday they doubt Israel will strike deep into Syrian territory.

Diaspora fundraisers
favour Simha Dinitz

By MENACHEM SHALEV
Post Political Reporter

The American fundraisers of the Jewish Agency last night unanimously consented to the candidacy of MK Simha Dinitz to the post of Chairman of the Jewish Agency, urging Foreign Minister Shimon Peres to "take this factor into account in order to avoid the indignities of the recent past."

Despite the clearly-worded endorsement of Dinitz's candidacy, his main rival, Nissim Zvili, chose to publicly commend the fundraisers' decision "not to intervene in the legitimate selection process."

Sources close to Zvili, the Agency's Settlements Department head, said that Mendel Kaplan, the Chairman of the Agency's board of governors who conveyed the fundraisers' sentiments in a letter to Peres, had explicitly pointed out that the consent to Dinitz did not imply a rejection of any of the other candidates.

"The Zionist Movement must now use its own discretion and choose its candidate," Zvili said.

MK Mordechai Gur reacted with anger to Kaplan's letter and was said last night to be considering a withdrawal from the race. Gur accused the Labour Party "leadership" of having caved in to Prime Minister Yitzhak Shamir, who objects to Gur's nomination, and to the Americans. A spokesman for the prime minister rejected Gur's assertion

that Shamir had "incited" U.S. Jewry against him.

In his letter Kaplan notes that "only Simha Dinitz has received the unanimous consent of our total leadership." Kaplan stated that the fundraisers are "reluctant to participate in the selection process of prospective candidates. Your decision to present several candidates has forced our leadership into a comparative analysis which would have been avoided under previous practice."

Kaplan was under intense pressure during the past few days not to outrightly reject Zvili's candidacy. Kaplan was told that such a move would have serious negative repercussions within Labour.

Gur's possible withdrawal from the race is said by Labour Party insiders to work in Zvili's favour, with Gur expected to ask his supporters to vote for the Settlements Department chairman in Thursday's Labour Central Committee ballot. Party sources said that Kaplan's letter afforded Gur a convenient way of withdrawing from a race which, by all indications, he was bound to lose.

The sources said that Kaplan's letter might work in both Dinitz and Zvili's favour, with some Committee delegates wishing to avert any more conflict with the fundraisers and others influenced by a grounds-

(Continued on Back Page)

Olivetti may invest in R&D in Israel

By ROY ISACOWITZ
Jerusalem Post Correspondent

IVREA, Italy. — The Italian computer giant Olivetti is considering investing in research and development in Israel, the conglomerate's chairman Carlo De Benedetti said yesterday.

In the first interview he has ever granted to an Israeli journalist, Benedetti said that he had been exploring the possibility of investment in Israel for some time and that a senior Olivetti executive had been in Israel recently to check out investment possibilities.

Benedetti, who is regarded as Europe's most dynamic and successful businessman, will himself be arriving in Israel on Friday for a three-day visit. He described the purpose of his visit as private.

In an interview Benedetti said he anticipated a world recession in 1988 due to the inability of the U.S. administration to cut its deficit. Olivetti, he said, was already making preparations to deal with the anticipated downturn in the world economy.

White House cool
to Gorbachev
over 'Star Wars'

WASHINGTON (Reuters). — The White House reacted coolly yesterday to Soviet leader Mikhail Gorbachev's remarks in his first interview on American television in which he maintained that Moscow was keeping pace with the U.S. in developing its own equivalent Star Wars programme.

"It certainly doesn't sound like much," said one official calmly in initial reaction to the hour-long interview on Monday night, a week before Gorbachev was due to arrive in Washington for a third summit with President Reagan.

The official White House reaction was also non-committal.

"We're aware of General Secretary Gorbachev's comments. We have a four-part agenda for the summit, human rights, bilateral issues,

arms control and regional issues. We look forward to the summit as the proper forum for discussion of these issues," said spokesman B. Jay Cooper.

A senior State Department official was dismissive when asked about Gorbachev's admission in the interview that Moscow was matching the U.S. in developing a "Star Wars" space shield against nuclear missiles. "There's never been any question about it," said the official.

Gorbachev said in the interview: "Practically, the Soviet Union is doing all that the U.S. is doing... but we will not deploy SDI and we call upon the U.S. to act likewise."

"But if the Americans fail to heed that call, we will find a response," he said.

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Washington disputes
issue of emigration

By WOLF BLITZER
Jerusalem Post Correspondent

WASHINGTON. — The Reagan administration yesterday took sharp issue with Soviet leader Mikhail Gorbachev's latest assertion that only those Soviet citizens possessing "state security secrets" have been prevented from leaving the country.

"That doesn't seem to us the way that this is being carried out," the State Department spokesman said following Gorbachev's one-hour NBC-TV interview televised nationally Monday evening.

"There are prospective emigrants who have not done any secret work for 10 or 15 years, and they are getting turned down again and

again," the spokesman said. "That's a fact, and that's documented. Whatever secret information they once had is now in the public domain, and it's obsolete."

In the interview, Gorbachev rejected what he described as outside intervention on the emigration issue. But the State Department also took issue with this by recalling the Soviet Union's signing of the 1975 Helsinki human-rights accord which guaranteed freedom of movement.

The spokesman said human rights would be high on the agenda during Gorbachev's talks with President Reagan at the White House next week. Given the Soviet leader's

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ZURICH	2 36	4 39	Cloudy
BERLIN	2 36	4 39	Cloudy
MUNICH	2 36	4 39	Cloudy
STUTTGART	2 36	4 39	Cloudy
FRANKFURT	2 36	4 39	Cloudy
COPENHAGEN	2 36	4 39	Cloudy
OSLO	2 36	4 39	Cloudy
STOCKHOLM	2 36	4 39	Cloudy
HELSINKI	2 36	4 39	Cloudy
TALLINN	2 36	4 39	Cloudy
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THE WEATHER

The weather report wasn't available last night.

SOCIAL & PERSONAL

Jerusalem Post reporter Aryeh Rubinstein yesterday was awarded a certificate of distinction for writing on aliyah and absorption. The award was made at a ceremony at the Daniel Hotel in Herzliya following a competition organized by the Association of the Editors of Periodicals and the Jewish Agency.

Amnon Sela, Hebrew University Professor of Russian Studies and International Relations, will speak on "Gorbachev - Continuity or Change," at the weekly meeting of the Jerusalem Rotary Club, today at 1 p.m. at the YMCA.

ARRIVALS

Maya Cohen, Vice-President of WZO-U.S., for the plenary session of the World WZO Executive.
Dr. Samuel I. Cohen, Executive Vice-President, JNF of America, for the WZO Congress and meetings at KKL.

Israeli wins McLuhan prize

TORONTO. - Elihu Katz, the Israeli scholar, essayist and communications sociologist, has been awarded the prestigious biennial international communications award, the 1987 McLuhan Telelobe Canada Prize.

The \$50,000 prize, established in 1983, is named after the late Marshall McLuhan, the Canadian professor of literature best known for his book *The Medium is the Message*, which earned him a reputation as prophet of the electronic age.

The award was established by the Canadian Commission for Unesco and is to be presented to Katz here tonight by Flora MacDonald, Canadian minister of communications.

Katz is professor of sociology and communication at the Hebrew University of Jerusalem. He was born in 1926 in New York, and holds three degrees from Columbia University. He has taught at the University of Chicago, Columbia University and the University of Padua, and at the Hebrew University since 1963.

Obituary Notices accepted 24 hours a day

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HOME NEWS

Peres says Labour must woo moderate Orthodox voters

By ASHER WALLFISH
Post Knesset Correspondent

Alignment leader Shimon Peres warned his faction yesterday that it could not take the nation along the path to peace if it did not woo the religious moderates.

In a discussion about the efforts of the Orthodox factions to pass legislation empowering local authorities to ban Sabbath entertainment, Peres told the Alignment faction: "We have done things in the past to alienate the traditional voter, whom we need with us."

He said, "As distinct from the ultra-Orthodox, there are many traditional voters who can and would support the Alignment, and we have always claimed to attract more traditional voters than any other list. Every vote will count in the 1988 election."

Peres added that "the 1988 election will be crucial for Israel and for the entire Jewish people. Shas and

Aguda are open-minded and their leaders have told me personally they would support me on the international conference proposal for a parity between Israel and Jordan.

"I don't count the National Religious Party, whose new platform sounds undistinguishable from the Likud and Tehiya. I'm talking about Shas and Aguda who supported the Alignment on the IDF withdrawal from Lebanon, too, and will support us in the future on the international conference."

The Alignment leader expressed the opinion that "we have to make the path to peace the main election issue if we want to avoid Middle East escalation and a renewed arms race. So we must set up a frank dialogue with the religious moderates and convince them that we are not hostile to tradition and we don't hate religion."

Peres' signal to his followers to begin looking in the direction of

Shas and the Aguda was not an off-the-cuff comment, but part of a new grand design already taking shape between Peres and his advisers.

One of his closest advisers made similar points about the need for the Alignment to get closer to the religious moderates between now and the elections, at a private briefing yesterday.

As for the Orthodox parties' proposals on Sabbath legislation, Peres conceded to his faction that they were "too sweeping" and required further study. He said a Knesset debate on private members' bills should be postponed until the Alignment could consult with legal advisers to probe all the long-term implications.

Two private members' bills by Morasha and Agudat Israel, due to come up today in the plenum, may be postponed if the two Orthodox factions accept the Alignment's plea for a stay.

Ministry's links with builder 'spell trouble'

By ASHER WALLFISH
Post Knesset Correspondent

Alleged political ties between one of Israel's biggest building contractors and the Housing Ministry prompted the chairman of the State Control Committee to warn yesterday that "graft will come to light sooner or later, and the politicians involved will have to make a clean breast of it."

Chairman David Liba'i, (Alignment) said his committee will probe a series of deals between government departments and contractors, and has invited senior Housing Ministry officials to next week's meeting to explain how contractor Shalom

Genish leased 4.4 dunams of prime land in Tel Aviv without a tender.

Genish is currently a fugitive from justice, preferring to break a bond he posted rather than face tax charges.

The committee heard that the Housing Ministry asked the Israel Lands Administration to allocate Genish the site - without a tender -

to construct two buildings and 34 cottages. State Comptroller Ya'acov Malz accused the ILA of handling the allocation in a manner that was "negligent, full of errors, and lacking attention to procedures, with the effect that the state lost revenues of some \$115,000."

Apart from the ILA's waiver of the tender procedure, it included a grove in the 4.4 dunams that had already been leased to somebody else, and it charged Genish two-thirds of the market value, Malz said.

An ILA official told the committee that it gave Genish these benefits because "we could not withstand the pressure of the Housing Ministry. We did not grant such concessions to any other contractor."

Genish got the land when the ILA was headed by a Herut keyman close to Minister David Levy. Genish himself was linked to Levy socially and made large contributions to Betar Tel Aviv and to Likud election funds.



A Kach Movement member is evicted from a meeting last night between some 300 religious peace activists from Oz Veshalom and Netivot Shalom, and Mubarak Awad, the Palestinian advocate of non-violent civil disobedience. About 50 Kach supporters stood outside the Beit Elisheva community centre in Jerusalem shouting "traitor" at those who came to hear Awad speak. (Yossi Zamir)

Shomron decides today on action against Nahal

By DAVID RUDGE
Jerusalem Post Reporter

METULLA. - Chief of General Staff Rav-Aluf Dan Shomron is today expected to decide on measures to be taken against officers and soldiers following last Wednesday night's attack by a terrorist on a Nahal army base near Kiryat Shmona in which six IDF soldiers were killed and seven wounded.

Shomron led further inquiries at Northern Command's headquarters yesterday into the incident that has become known as the Night of the Hang-gliders.

For three hours, the CGS, his deputy, OC Northern Command Aluf Yossi Peled, the commander of the IDF's ground forces (Mafshah)

and senior officers, including the head of the Nahal unit involved, discussed the chain of events that led up to the attack and its tragic consequences.

Their findings did not, reportedly, differ greatly from those uncovered by the investigation conducted at the end of last week by O/C Northern Command, Aluf Peled, and his staff.

The findings of the initial probe showed that there had been a 20-minute warning of the impending attack. The Northern Command's alert system swung into operation and functioned properly. Troops followed standing orders, settlements were closed and additional

Haredim, Reform end talks

By HAIM SHAPIRO
Jerusalem Post Reporter

Secret talks were held between representatives of ultra-Orthodox groups, the Israel Reform movement and secular Israeli leaders for the past two and a half months. The Jerusalem Post learned last night.

The discussions were ended on Monday night when the ultra-Orthodox representatives said they could no longer meet with the Reform leaders because a halachic ruling by the ultra-Orthodox rabbis had forbidden them to do so. The secular representatives refused to continue the talks without the participation of the Reform delegate.

Monday night's meeting was held at the Central Hotel in Jerusalem, which belongs to Agudat Yisrael leader MK Menachem Porush.

About half a dozen meetings were held, during which the participants presented prepared position papers on a variety of issues, the most recent being the situation of Shabbat observance in Jerusalem.

SOLDIER

(Continued from Page One)

Command's headquarters, advised *The Jerusalem Post* "not to make a big story out of this. If they aren't Egyptian soldiers, just terrorists who tried to get across, it could harm peace," he said. It was still unclear who the attackers were, he added.

In Cairo, Foreign Minister Esmat Abdul-Meguid told the Visnews television news agency: "We should not exaggerate it." Asked what impact it would have on Egyptian-Israeli relations, he said: "Why should it have any effect? It could happen at any time. It won't have any effect."

Israel has raised the matter at the semi-annual military talks currently held in Herzliya and the senior Egyptian official, General Farouk Labib, promised an investigation.



Veteran Labour leader Yitzhak Ben-Aharon and Prime Minister Shamir embrace yesterday as they met to discuss the government's participation in a memorial project for the late minister and former Hagana commander Yisrael Galili. (GPO)

Over half of recent U.S. 'olim' in areas

By JOEL GREENBERG
Jerusalem Post Reporter

ARIEL. - More than half the immigrants from the U.S. in recent years have settled in the West Bank, according to Haim Aharon, head of the Aliya Department of the World Zionist Organization. He said efforts are under way to attract more immigrants to the area.

Aharon spoke to reporters yesterday following a visit by the press to immigrants living in settlements. The tour was organized by the Aliya Department.

Aharon said that in the last three years there had been "a significant increase" in the number of immigrants from Western countries who settled in the West Bank, particularly from the U.S.

Some 80 per cent of the immigrants were Orthodox and most settled in religious settlements, he said. While more than 50 per cent of the immigrants from the U.S. settled in the West Bank, 15 to 20 per cent of the immigrants from South America and Europe settled in the area. He said. He added that a number of South African immigrant families had moved to the West Bank in the last year.

According to Aliya Department figures, 15,000 of the 75,000 Jewish settlers in the West Bank are immigrants who moved to Israel within the last decade. New immigrants

make up 20 per cent of the settler population, while they are only 5 per cent of the total population of Israel, according to the figures.

Out of the 70,000 immigrants who moved to Israel in the last five years, 17 per cent chose to settle in the West Bank, while only 2 per cent of Israel's total population live in the area.

Aharon said WZO emissaries abroad were working to bring immigrants to both the West Bank and development areas in Israel, and these areas were shown to potential immigrants visiting the country. He said efforts were being focused on Jewish communities in South Africa, South America and the U.S., and added that an entire Orthodox congregation in New York was considering emigrating to the planned city of Betar in the West Bank, south of Jerusalem.

Aharon said that though infrastructure to absorb immigrants has been lacking in the northern West Bank, an immigrant absorption centre would be opened in January in the town of Ariel. Mayor Roni Nabhman said South African immigrants had been received in the town through "direct absorption." They moved directly into flats and were given space to open businesses or factories, without moving first through an absorption centre.

Bomb is hurled at IDF patrol

By JOEL GREENBERG
Jerusalem Post Reporter

A makeshift bomb was thrown Monday night at an IDF patrol in the Balata refugee camp but caused no injuries, military sources said yesterday.

The bomb, consisting of an I-shaped section of pipe stuffed with gunpowder, matches and nails, was thrown at the patrol as it turned a street corner. The bomb hit the ground but failed to explode. Troops searched the area, but no arrests were reported.

A petrol bomb was thrown last night at an Egged bus in El-Bich. The bomb exploded but no one was injured and no damage was done.

In another development, five persons from Balata have been put in administrative detention for six months. (Administrative detention is designed as a preventive measure.) Military sources said that they had participated in disturbances, including stone-throwing, looting, and attempts to interfere with traffic near the camp, and that some had been tried and convicted. Some were previously held in administrative detention, but resumed their activities after their release, the sources said.

The detainees were identified as Yusuf Mazhar, 21, Mustafa Nasrallah, 24, Muayid Nasrallah, 17, Malik Nasrallah, 19, and Hassan Abu Khashiyah, 19.

In the Gaza Strip, Nazir Khalil Luka, 32, of Rafah, was placed in administrative detention for six months. He is suspected of inciting, distributing leaflets, and organizing disturbances, according to the sources.

In Ramallah, three stores have been ordered shut for a week, because they closed during a partial commercial strike in the city on Sunday's anniversary of the 1947 UN partition resolution. The stores were welded shut by security forces on Sunday.

Palestinian sources said that 22 students at Bethlehem University were arrested in a crackdown apparently linked to the recent riot at the campus.

Peres: Peace effort must be renewed

Jerusalem Post Reporter

Arab-Israeli peace efforts must be renewed "whether Washington is excited about them or not," Foreign Minister Peres said yesterday.

In an interview with Army Radio, Peres also indirectly criticized Prime Minister Shamir for not spurring a dialogue with the Arabs.

"I am asking the real question: do you want paralysis, or a renewal of peace efforts whether Washington is excited about them or not? Washington has other affairs, too, and it is not its fate that is being decided," Peres said.

Union hits security checks of Arab teachers

By BERNARD JOSEPHS
Jerusalem Post Reporter

A teachers' union leader said yesterday she would investigate why Arab school staff in East Jerusalem are required to obtain special security clearance before they can be employed.

"On the face of it this is something to which we are very much opposed," said Shoshana Bayer, head of the Secondary School Teachers' Association, during a visit to two Arab high schools in the capital.

A complaint about the practice, under which teachers must get a certificate endorsed by the security authorities, was voiced by a staff member at the Abdullah Ibn Hussein school.

He said his daughter, a graduate of Bir Zeit University, had been fired from her job at a Jerusalem school because she did not have such a document. She was later re-employed. Others also complained about the system, describing it as "insulting."

Municipal and Education Ministry officials who took part in the discussion defended the security checks which, they said, are designed to prevent extremists from spreading propaganda in the classroom. They recalled the case of one teacher who was fired after police videotaped him taking part in a demonstration and shouting "death to the Jews."

School inspector Inaya Urani said

that, in order to be approved, a teacher must not have taken part in demonstrations or be a member of a terrorist organization.

A senior member of the Jerusalem municipal education department, Ahmed Modjei, said that the requirement of a security certificate serves the interests of both Arabs and Jews. "Neither community wants extremists in the classroom," Bayer, however, was concerned that the policy could prevent teachers from working without there being proof that they had broken the rules.

"We are opposed to teachers who try to influence their pupils politically. The classroom is not the place for such activities. But it is one thing for someone to be dismissed or refused a post because he has committed a crime, and quite another for him to be banned because someone simply suspects him," she said.

"All it takes is for someone to make

an accusation and the person involved is stopped from getting a job."

At the Mamuniya Girls' High School, principal Jamal Abu To'mah indicated that Arab educators have to walk a very narrow path when dealing with "sensitive" subjects.

"Arab teachers are security screened before they are recruited, and if they don't get that paper, saying they are OK they won't be taken on. The screening takes two to three weeks after they apply for a post. It goes through the 'proper channels' and then we get an answer," he said. "Sometimes, when they refuse, they use terms such as 'she is a security hazard.'"

To'mah said he was strongly opposed to employing people who are "not pure teachers." The pupils, he went on, are very susceptible to political influence.

With deep sorrow, we announce the death of our beloved

GRETA GREISMAN ♀

The funeral will take place on Thursday, December 3, 1987 at 11 a.m. at the Sanhedria Funeral Parlor, Jerusalem, and burial at the Har Hamenuhot cemetery, Givat Shaul.

Richard Greisman
Henry and Liz Greisman
Jane and Yehuda Simon
Adam Greisman
David and Sarah Greisman
Rosemary Greisman

Shiva at 19 Nahalat Zadok St., Jerusalem.

In deep sorrow we announce the passing of the historian and writer

HARTOG BEEM ♀

in his 95th year.

The funeral will be held on Thursday, December 3, 1987 in Hilversum, Holland.

The Family

On the first anniversary of the passing of our beloved

SHMUEL KLUGER ♀

we will hold a service in his memory on Friday, December 4, 1987

at 1 p.m. at the Kfar Samir cemetery, Haifa, near the cemetery office.

Yavin and Bildor families

We share the grief and sorrow of the family on the death of

SHMUEL SIMON ♀

Tadiran Telecommunications Division
Management and Staff

TO RABBI AND RUTH GORDON AND FAMILY

We share your grief on the death of your beloved

IDOR

The Kirshenbaums

With deep sorrow, we announce the passing in Holland of our beloved mother, grandmother and great-grandmother

IDA E.M. van RAALTE-SIMONS

She bequeathed her body to science.

The Family

THE STAFF OF THE BRITISH COUNCIL
express their sincere condolences to

SYLVIA SIMON
on the sad loss of her husband

JOHN SIMON

Poland to push reforms despite 'slap in face' to Communists

WARSAW (Reuters). — Poland's Communist government says it will press ahead with its programme of economic and political reform despite what is widely seen as a surprise vote of no-confidence in a national referendum.

A third of Poland's voters stayed away from the ballot on Sunday, and the vote failed to draw the necessary 51 per cent support from the electorate for sweeping economic reforms and limited political concessions.

Ordinary Poles, political observers and Western diplomats were at a loss to explain the result of the ballot which the opposition had branded a charade but which unexpectedly delivered a slap in the face to the rulers of a communist state.

"The ballot has suddenly gained credibility but that doesn't make it more valid. The authorities had to win either way," said one Western diplomat. "The main problem is still the same: how can Poles believe promises from the same people who crushed (the outlawed free trade union) Solidarity. That was a movement of 10 million people calling for reform," he added.

Veteran dissident Jacek Kuron said the result of the referendum "does not mean that society is opposed to swift economic and political reforms, only that it has no confidence in those who are carrying them out."

The outcome indicated that only 44.28 per cent of the 26 million eligible voters were in favour of swiftly

implementing economic changes and 46.29 per cent supported promises of political democratisation. These results were clearly a surprise to the authorities.

Government spokesman Jerzy Urban was optimistic when he met reporters on Monday evening with a statement prepared after the national referendum commission had met for several hours.

"It is no discredit to the programme of the authorities that the legally binding majority was not achieved in this situation. It is important that the programme met with approval on the part of an overwhelming majority of the voters," he said.

Urban had already reported that only 67.2 per cent of the electorate

turned out to vote, the lowest figure since the communists took power in Poland after World War II.

Urban said over two-thirds of those who turned up to cast their ballots had backed what the government describes as a radical reform package.

Urban said the government would modify its prices and incomes policy, under which food prices were to double next year and rent and heating costs to triple, but he confirmed its "determination to continue the reforms." Solidarity leader Lech Walesa, who had urged Poles to ignore the plebiscite, told Reuters: "The referendum won't produce anything, one way or the other."

"Poland is a divided country and only true pluralism can unite it."

Billion-dollar debt obstacle to normal Franco-Iranian ties

PARIS (AFP). — A billion-dollar financial dispute which has become a major obstacle to the normalization of Franco-Iranian relations is heading for a "final settlement," a Foreign Ministry spokesman said here yesterday.

Teheran has been demanding repayment on a \$1 billion loan as one of the conditions for the resumption of normal ties with Paris. The loan was made to the Eurodif Nuclear Enrichment Consortium by the former regime of the shah of Iran in 1974.

A "new advance on the outstanding sum may be forthcoming soon," the spokesman said, although he gave no date for the repayment and did not specify the amount involved. In February 1986, France repaid an initial \$330 million.

The spokesman said that it now appeared that the Iranians are in a frame of mind which would allow serious discussions "to go ahead on the dispute."

The statement came after Monday's release of an Iranian embassy official held here, Wahid Gerdji, and the freeing by Teheran of French diplomat Paul Torri.

Iranian authorities welcomed the swap, saying it marked a step toward improved relations with France after a five-month-long crisis.

The Finance Ministry here meanwhile refused to comment yesterday on a Washington Post report that France had agreed to pay another \$330m. installment on the Eurodif loan by the end of the week.

The Foreign Ministry for its part "categorically" denied a report in the British daily *The Independent* that France had agreed to supply Teheran with spare parts for missile boats and radar guidance systems as part of a trade-off for last Friday's release in Lebanon of two French hostages, Jean-Louis Normandin and Roger Auque.

The paper also said France agreed to provide "aid for the poor" in southern Beirut which would be channelled through the pro-Iranian Hizbullah movement in Lebanon.

Prime Minister Jacques Chirac's office said here said the French premier was "astonished" by criticism in the London press and by British officials of alleged French deals to win the release of hostages.



An Iranian Basiji woman shoulders a Russian-made RPG-7 rocket launcher at a women's mobilization gathering at Shiroodi Stadium in Teheran on November 29. Thousands of Iranian women from different resistance headquarters marched to the stadium with Russian-made weapons and gas masks for protection against chemical warfare. (Reuters)

Bangladesh detainees freed in move for peace talks

DACA (Reuters). — Bangladesh freed 100 detainees yesterday in a move to start peace talks with the opposition proposed by President Hossein Mohammad Ershad.

Home (Interior) Minister Abdul Matin said he had ordered the release of K.M. Obaidur Rahman, secretary-general of the Bangladesh Nationalist Party (BNP), and Zillur

Rahman, an Awami League leader. "As I said yesterday, we are really keen to establish a line of communication with the opposition leaders so that we can start a meaningful dialogue," he said.

When four detained leaders were freed on Monday, Matin said more would be released in phases to create an environment for talks.

This story was written under state of emergency restrictions which limit its reporting to news issued by the government.

Ershad, who seized power in a bloodless military coup in March 1982 and restored civil rule in November last year, brushed aside demands for his resignation. He declared a state of emergency last

Friday, which banned all anti-government protests. He said the move was essential as Bangladesh, one of the world's poorest nations, faced internal strife, insecurity, and economic problems.

The government says each of the eight days of opposition-led stoppages since November 10 cost Bangladesh \$50 million.

Wallenberg dead, says Gorbachev

STOCKHOLM (Reuters). — Soviet leader Mikhail Gorbachev has reiterated Kremlin statements that Swedish diplomat Raoul Wallenberg died in Moscow's Lubyanka jail in 1947, Wallenberg's sister reported yesterday.

Nina Lagergren said Gorbachev's statement, conveyed by the Soviet Embassy in Stockholm, dashed hopes that Moscow's policy of glasnost — openness — would provide new information about her brother. "Gorbachev insisted I take his word for it. No evidence was presented," Lagergren told reporters. She called on Moscow to give full access to available information. "Glasnost should apply to Raoul, too," Lagergren said.

Wallenberg, credited with saving 20,000 Hungarian Jews from Hitler's gas chambers, disappeared after Soviet troops occupied Budapest at the end of World War II. The Swedish government and Wallenberg's family have never accepted Soviet claims, first made in 1957 and repeated over the years by Kremlin leaders, that the diplomat died in the Lubyanka of a heart attack at the age of 34.

Lagergren said persistent reports from former inmates of Soviet jails indicated that Wallenberg was alive long after the date of his reported death and that he might still be alive.

St. Domingo site of Nicaraguan cease-fire talks

MANAGUA (AP). — The Dominican Republic agreed Monday to provide the site for cease-fire negotiations between Nicaragua's leftist Sandinista government and rebels, an official reported. Finding a site acceptable to both sides has been an obstacle to the proposed talks on a cease-fire — a key element of a regional peace plan signed in August in Guatemala by the presidents of the five Central American countries. Late Monday, the Contras released a cease-fire proposal delivered earlier in the day to Nicaraguan President Daniel Ortega.

The proposal, issued in response to a truce plan offered by Ortega this month, calls for a nationwide cease-fire beginning at 12:01 a.m. on December 8 and ending January 17.

Unlike the Ortega plan, which would confine the rebels to three zones during a 30-day truce, the Contras' proposal would allow them to remain in the territory they claim to hold, amounting to about 46 per cent of the country.

The Contras' plan demands that the government take other steps simultaneously with the truce: lifting a state of emergency that has been in effect almost continuously since 1982, ending compulsory military service and dismantling local block committees and any farm cooperatives now defended by local militia.



James Baldwin

(AFP recent file photo)

U.S. black writer James Baldwin dies

PARIS (Reuters). — Literary firebrand James Baldwin, whose writings helped awaken American whites to the plight of blacks, died yesterday at the age of 63 at his home in the south of France.

Relatives said the novelist-playwright-essayist died in the village of St. Paul-de-Vence after a long struggle against cancer. Baldwin underwent an operation to remove half of his stomach earlier this year.

"A page has been turned, not only for blacks but for humanity," said his brother David.

Baldwin made his last public appearance only a month ago to launch the French edition of his

most recent novel, *Just Above My Head*, which ironically ends with the death of an artist.

Baldwin spent his childhood in New York's Harlem district. The son of a Baptist preacher, he was sent into the church while still a teenager. At 19, on his father's death, Baldwin turned from the church to writing — but retained a style reminiscent of the language of the pulpit.

"Jimmy was a believer: for us he is still present," said friend and Paris publisher Therese de Saint-Phalle. She said he had been working on a book about assassinated civil rights activist Martin Luther King.

Pork, sugar rationed for well-fed Peking residents

PEKING (Reuters). — Freezing Peking had a taste of old-style state rationing yesterday, as stores began to restrict sales of pork and sugar to counter nationwide shortages. Disgruntled housewives were confronted with shop-counter notices telling them the meat could be bought only with new ration coupons issued in work places.

Well-fed Peking residents said it was the first rationing of pork, the country's staple meat, that they could remember since China's agricultural reforms began in 1979. "It hasn't been like this for many years," said a male shopper in the city centre Dongdan food market, adding he had not yet been issued with ration tickets set at one kilogram of pork per person per month. But a couple buying mutton in-

stead said the rationing was a wise move. "It will guarantee supplies for everyone," one said. "Without it, prices would start rising very fast."

Pork in Peking government shops costs about five yuan (\$1.40) a kilogram, more than a day's wages for a typical worker. Rationing controlled almost all basic foodstuffs before Deng Xiaoping's free-market reforms began, but has gradually fallen out of use in the 1980s. It has been reintroduced for pork because high animal fodder prices have driven peasants out of pig-rearing, reducing the supply at a time when consumption is rising, Western diplomats said.

Sugar rationing was started in the capital yesterday but began in other cities in October.

U.S. REACTION TO GORBACHEV INTERVIEW

(Continued from Page One)

Reagan on Monday reaffirmed his commitment to "Star Wars" and again accused the Soviet Union of pursuing an anti-missile programme that dwarfed the U.S. Strategic Defence Initiative (SDI). He said Moscow had spent \$200 billion on its programme, which Reagan called "Red Shield."

Gorbachev said it was possible to halve the number of U.S. and Soviet long-range nuclear missiles while allowing the U.S. to continue its SDI research. Despite his stinging remarks about SDI, the Soviet leader was optimistic that his Washington visit beginning on December 7 could make progress on a wide range of issues from Afghanistan to cutting each country's long-range nuclear arsenal under the ABM treaty.

This anti-ballistic missile treaty constrains missile defence and is unpopular with strategic missile defence proponents in the U.S.

Analysts say that in fact Gorbachev's statement on Star Wars constituted no real change in the Soviet negotiating position and noted that strict observance of the 1972 treaty would severely limit development of the programme. But they added that his tone in the interview was noticeably softer. He had gone from denouncing the SDI as a grave threat to world peace to dismissing it as an American eccentricity.

Asked by NBC anchorman Tom Brokaw if this meant Moscow was ready to view the SDI for space-based anti-missile defence separately from a strategic missile deal, he said: "We are prepared to accept a 50 per cent reduction (in strategic missiles) at the first stage with strict observance of the ABM treaty."

"To the extent that SDI does not run counter to the ABM treaty, let it, let America act, let America indulge in research insofar as SDI does not run counter to ABM," he said.

Elsewhere in the interview Gorbachev examined issues from human rights to Afghanistan and revealed a little of his private life.

He said that the issue of Afghanistan could be solved quickly if Washington wished. But he would not say exactly when Soviet troops might be withdrawn from the country.

Asked how he formed his view of the U.S., he said he had access to all kinds of material on the country.

TV viewers prefer comedy programmes

NEW YORK (AP). — U.S. television viewers were more interested in regular comedy programmes and a special about a movie star than in the exclusive, hour-long interview with Soviet leader Mikhail Gorbachev broadcast on Monday evening.

According to the A.C. Nielsen Co., only 13 per cent of people viewing television in the 15 largest television markets watched "A Conversation with Mikhail S. Gorbachev" on the NBC network.

Comedies "Kate and Allie" and "Frank's Place," over CBS, drew 24 per cent of viewers, the special on the ABC network, "The Ultimate Stuntman: A Tribute to Dar Robinson," won the time period with 26 per cent.

Adding that this year he had received some 80,000 letters from Americans, Gorbachev said he had read the American classics and some contemporary writings but added that he more often read Soviet books.

He said he discussed everything with his wife Raisa and added that he thought a woman should be allowed to combine the role of motherhood and that of an active citizen.

Earlier on Monday, Reagan set the stage for the summit with tough talk on Moscow's involvement in re-

gional wars and a demand that Soviet troops "pack up and pull out" of Afghanistan. His comments came in a speech to the Heritage Foundation, a conservative think tank that has provided much of the philosophical underpinnings for his agenda as president.

In the speech, Reagan won enthusiastic applause when he attacked Soviet policies and reaffirmed his commitment to his "Star Wars" missile defence programme. But his listeners were notably silent when he called for their support for the "historic" nuclear arms accord he and Gorbachev are to sign next Tuesday.

The treaty, which will eliminate both superpowers' intermediate-range nuclear missiles, is being opposed by conservatives who claim that it cannot be adequately verified against Soviet cheating and that it will leave Europe at the mercy of superior Warsaw Pact conventional forces.

But Reagan was in tune with his audience when he declared that U.S.-supported anti-government forces in both Afghanistan and Angola had inflicted devastating defeats on Soviet and Soviet-backed forces. "It's time for them (the Soviet Union) to pack up, pull out and go home," Reagan said. "It's time they set a date certain for the complete withdrawal of Soviet troops from Afghanistan."

In Angola, the forces of rebel leader Jonas Savimbi, which are also backed by South Africa, had pushed back a massive Soviet assault, capturing hundreds of trucks and tanks and shooting down a substantial number of helicopters and Cuban-piloted planes, Reagan said. "The Soviets truly are beginning to feel the sting of free people fighting back," he said.

He emphasized the word "sting" in an apparent veiled reference to the U.S. supply of Stinger anti-aircraft missiles to Savimbi — never officially acknowledged.

Reagan also said Moscow had to take its share of responsibility for the situation developing in Ethiopia, which is again threatened by famine. He said that while the rest of the world had been providing food during the previous famine there, the Soviet Union had shipped weapons.

"When I meet with general secretary Gorbachev, I'm going to ask him: Isn't it time that the Soviet Union put an end to these destructive, wasteful conflicts around the world?"

קרן קיימת לישראל
KERN KAYEMETH LEISRAEL
Board of Directors
congratulates
CHARLOTTE JACOBSON
Treasurer, JNF of America
on the occasion of the
ground-breaking ceremony
of the
**Charlotte Jacobson Center
at Kibbutz Ketura**
Moshe Rivlin
Chairman of the Board
11 Kiselev, 5748
December 2, 1987

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December 2, 1987
Dr. Samuel I. Cohen,
Executive Vice-President,
JNF of AMERICA
11 Kiselev, 5748

קרן קיימת לישראל
KERN KAYEMETH LEISRAEL
BOARD OF DIRECTORS
welcomes
HADASSAH
Women's Zionist Organization of America
and congratulates them on the dedication
of their latest JNF project
**The Hadassah — Eshet Stow Dam
at Nahal Hayun**
"... I will make the wilderness a pool of water, ..." Isaiah 41:18
Moshe Rivlin
Chairman of the Board
11 Kiselev 5748
December 2, 1987

JEWISH NATIONAL FUND OF AMERICA
Dr. Joseph P. Sternstein, President
Dr. Samuel I. Cohen, Executive Vice-President
Mrs. Charlotte Jacobson, Treasurer
SALUTE
HADASSAH
Women's Zionist Organization of America
on the occasion of the
dedication ceremony of the
Hadassah-Eshet Stow Dam at Nahal Hayun
December 2, 1987
11 Kiselev 5748
ds28-04/14

We invite the General Public
to the
Opening Session of the Sixth World Conference
of the
World Union of General Zionists
Thursday, December 3, 1987 at 8:30 P.M.
with the participation of the
Prime Minister, Mr. Yitzhak Shamir
at the Jerusalem Hilton

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16 to 19 p.m. daily.
Friday 9 to 14 p.m.
72, Kikar Hamedina, Tel Aviv.

Turkey looks to the future with stability in mind

ANKARA (Reuters). — Turkey's voters have firmly chosen stability by electing political leaders untarnished by the extremist rage that led to a military coup seven years ago.

Conservative Prime Minister Turgut Ozal, 60, was swept back to office with an overall majority while 61-year-old Ertan Inönü's centre-left opposition won a strong second place in Sunday's election, the most open since military rule.

But the poll for the 450-seat parliament has left nagging doubts about the electoral system, Ozal's health, and the lack of any apparent successor in his loose-knit Motherland Party.

Motherland's popular vote fell to 36.24 per cent from 45 per cent in the 1983 military-supervised election which put Ozal in office for the first time.

The poll has returned to the assembly only one prominent party leader from the violent 1970s, four-time premier Süleyman Demirel whom the military ousted in 1980.

"The elections have taken place in a very successful manner. I attribute it to the maturity of the Turkish people," Ozal told reporters.

Ozal has been anxious to show Turkish democracy in a good light to counter opposition in some European Community (EC) states to the application he made in April to join the group.

"Europe will take the view that Turkey has made progress to more democracy. Most people associated with the 1970s have gone, leaving new men with fresh ideas," one Western diplomat said.



Prime Minister Turgut Ozal, re-elected for a second five-year term. (Reuters)

Most analysts agreed that voters had chosen stability. The 1970s political mayhem killed more than 5,000 people and brought the third period of military rule since 1960.

Political science professor Fahir Armaoglu, who pens a respected column for the conservative daily *Tercuman*, said: "The result shows that the Turkish people, who suf-

fered in the days before the 1980 coup, want stability more than anything else."

Only three of the seven contesting parties gained more than the 10 per cent of the national vote needed to enter parliament under a complex system which combines first-past-the-post and proportional representation.

Unofficial final results gave Motherland 292 seats, Inönü's Social Democrat Populist Party (SDPP) 99 seats with a 24.78 per cent poll, and Demirel's rightist True Path Party (TPP) 59 with 19.15 per cent.

Neither Ozal nor Inönü, a physics professor and former rector of Ankara's Middle East technical university, held senior political posts during the late 1970s.

Political sources said Demirel, 62, still won voter sympathy because he was in office when the military took over.

Former Premier Bülent Ecevit, best remembered for ordering Turkey's 1974 invasion of Cyprus, decided to bow out of politics after his democratic Left Party failed to win seats.

Ecevit and Demirel were rivals for power in the 1970s period of weak coalition governments.

Necmettin Erbakan, whose Moslem fundamentalist Prosperity Party

also failed to enter parliament, called the election system "an absurdity."

Ozal promised the 52 million mainly-Moslem Turks a better life in the next five years.



Opposition leader Ertan Inönü, chairman of the Social Democrat Populist Party. (Reuters)

"We aim to put an end to state involvement in the areas of industry and trade, while putting more emphasis on education, infrastructure and health," he said.

Ozal believes Turkey, a Nato member straddling Asia and Europe, can develop and prosper only by wholeheartedly embracing Western economic and trading systems.

In his first term he liberalized imports, mavericked an export boom, moved to privatize inefficient state enterprises and introduced monetary reforms.

But his policies brought a ballooning budget deficit, a foreign debt at \$33.1 billion by the end of June compared with \$31.2b in December 1986, and inflation tipped to reach 45 per cent by the end of the year.

Ozal said last month Turkey would join the EC earlier than most people believed and would become an important member.

He said an EC rebuff could mean a "second Japan" — a highly industrialized Turkey with booming exports — on EC doorsteps.

Apart from continuing scepticism on the pace of Turkey's move to full democracy and its poor human rights record, some EC states do not even accept that Turkey is European.

Ozal's failure to win the 300 seats he needed to make changes to the 1982 constitution could aid the democratic process, diplomats said.

"Under 300 seats gives Ozal authority without leading him down the path to autocracy," one said.

Ozal left for the U.S. on Tuesday for medical checks following heart bypass surgery in February. He will also have talks with bankers in New York.

Iraqi envoy to London: Israel's hands in the Gulf war are as bloody as Iran's

By DAVID HOROVITZ

Jerusalem Post Correspondent

LONDON. — Iraq's ambassador here has no doubts as to the instigators of the seven-year Gulf conflict: Iran and Israel.

It is typical of the misconceived Western reporting of the war, he says, that many believe it was Iraq that started the fighting, started the tanker war and started the war on the cities.

Iraq in 1980, according to Dr. Mohamad Tariq al-Mashat, was a country poised on the threshold of transformation. With potential oil reserves surpassing even those of Saudi Arabia, phosphates and sulphur, and its traditional agricultural richness, Iraq possessed the natural resources essential for development. And with illiteracy all but eradicated, and a corruption-free leadership, Iraq was equipped with all the vital qualities for advancement.

But these qualities, al-Mashat told a luncheon of London-based diplomatic reporters last week, aroused jealousy in Iran and Israel. So the two countries started a war, determined to wipe Iraq off the map forever.

Even before the Americans installed Khomeini in Teheran, he says, the ayatollah had declared in a *Time* magazine interview in Paris that "his priority was to destroy the Iraqi regime."

Day after day, the Iranian media provoked Iraq, and after the words came the bullets — attacks on border positions, and then on villages and cities. Iraq has no interest in prolonging the conflict, al-Mashat is at pains to point out, "and Israel is the only beneficiary of its continuation." But while Iraq has declared unilateral cease-fires and has expressed readiness to accept a UN-negotiated settlement, Iran just keeps on fighting.

Al-Mashat urges the West to press harder for an ending of hostilities. "The UN Security Council should take military and economic sanctions against Iran," he says, "and there should be a diplomatic effort to isolate those countries that oppose this. Each individual country should take its own sanctions. Stop all buying and selling to Iran," he urges. "That would have an enormous effect in the direction of peace."

AL-MASHAT'S speech to the journalists was short, but after the luncheon he was more than ready to spend a few minutes in conversation with *The Jerusalem Post* swiftly laying to rest reports of an impending Israeli-Iraqi rapprochement.

"Israel," he insists, "continues to arm Iran to the teeth," and there will be no warming of ties so long as that supply line is open.

Progress at the Amman summit notwithstanding, al-Mashat is as critical of Syria as he is of Israel, asserting that President Assad "is in objective alliance with Israel in Lebanon, dissecting the Palestinians, hitting the PLO" — acting, in short, "against the very core of the Palestinian cause."

He is wary of Israeli intentions in Lebanon, and believes a permanent Israeli presence may well be a desired objective in Jerusalem.

"Israel does not want peace," he says several times. "Did they apply Camp David fully? No. They want to keep Gaza and the West Bank."

THE AMBASSADOR regards both Assad and Sadat as traitors to the Arab cause, describing the late Egyptian president's historic trip to Jerusalem as "a disgraceful act of extraordinary showmanship."

President Mubarak, by contrast, shows "real concern" for the Palestinians, he believes, "and expresses the real feelings of Egyptians."

Al-Mashat distances himself from efforts towards Arab-Israeli peace, pointing out that Iraq has no border with Israel and thus no direct involvement in peace initiatives.

Nonetheless, he says, Iraq would support an international conference provided it was acceptable to the PLO. But he does not regard a conference as a particularly realistic prospect.

Israel, he believes, is not genuinely looking for any agreements. Its policymakers, rather, "are working to take out each Arab country piecemeal, picking them off one by one."

Lebanon's parliament continues in office

BEIRUT (Reuters). — Lebanon's parliament, without elections for the last 15 years because of war and political strife, renewed its own term yesterday for two more years.

Forty-four of the 79 surviving deputies in the 99-seat assembly approved the extension at a session held in a shell-scarred building on the edge of the Green Line battle zone dividing Christian east Beirut from the Moslem west.

Nineteen of 99 Christian and Moslem deputies elected in 1972 have died during the civil war that erupted three years later. Bloodshed and political strife have ruled out parliamentary elections. But deputies still turn out and meet in the former Mansour Palace, renewing their mandate at the end of each term.

Life aboard the U.S. minesweeper Esteem

A hazardous business

By RICHARD PYLE/
Persian Gulf

PITCHING and rocking in two-metre seas makes some of the American sailors aboard this tiny wooden warship seasick and keeps others on the verge of vomiting much of the time.

Some chew pink pills that offer temporary relief. Others are simply prostrate on the deck or sit holding their heads in their hands in the classic pose of the *mal-de-mer* victim. There aren't many places to go on a 720-ton vessel that measures 52 metres long and 11 metres across, and is cluttered with so much gear that an empty piece of deck is hard to find.

For the day-trip visitor to the USS Esteem, it is cause for wonderment that this group of 70-odd men managed to sail 20,921 km. from the U.S. West Coast across a Pacific Ocean where, one seasoned officer says, "this kind of sea is normal." Esteem is one of six ocean mine sweepers ordered to the Persian Gulf after it became apparent that Iranian-laid mines posed a major danger for the Kuwaiti tankers sail-

ing under the U.S. flag — and an even greater one for the Navy warships escorting them.

It was here, in the deep-water channel west of Iran-held Farsi Island, that the crisis began on July 24, when the reflagged supertanker Bridgeton hit a submerged mine while sailing to Kuwait in the first convoy.

The 401,382-ton Bridgeton, the world's sixth-largest ship, went the rest of the way at the head of the column — protecting the more vulnerable warships but compounding the humiliation of Navy officials who admitted having underestimated the mine threat.

IN THE PAST two weeks, the quietly named mine sweepers — Esteem, Enhance, Inflict, Illusive, Fearless and Conquest — have gone to work in the Farsi Channel.

Using sonar gear, the Inflict, as of Sunday, had found 10 mines and the Fearless three, U.S. officials said. Scout helicopters operating off the missile frigates Ford and Elrod found another two, for a total of 15.

At last report, the other mine

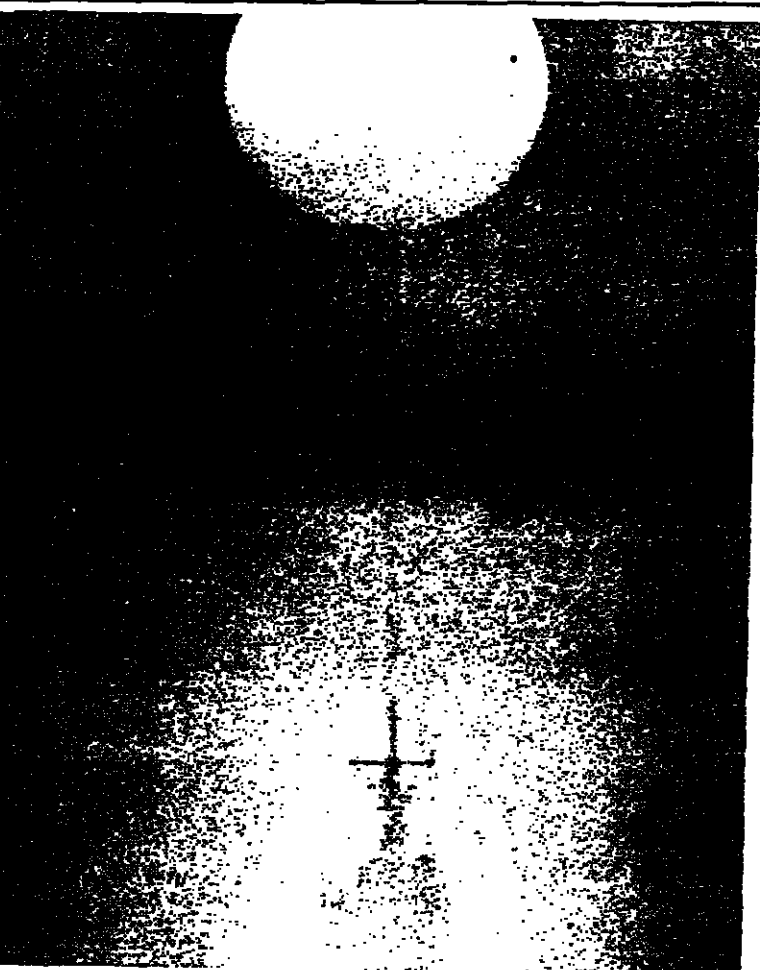
sweepers had found none. Officers said, however, that part of their mission was simply to make sure no additional mines were laid in waters already cleared.

The Esteem's commanding officer, Lt. Commander Robert McCabe, said he agreed with his counterpart aboard Inflict, Commander Francis D. Demasi, that the mine situation was now "under control."

McCabe said the ships had not necessarily cleared all the mines, but "the parameters of the mine area are pretty well established." He would not say whether it was larger or smaller than expected, just that it is known with "more accuracy."

Senior Navy officers had long contended that the Farsi Channel would prove to be a major Iranian minefield. The effort appears to have proven them right.

All mines found have been the same type — globe-shaped contact mines that float beneath the surface on a tether from the sea bottom. Once a mine is located, divers attach an explosive charge and detonate it by remote control. (AP)



Patrolling in the Persian Gulf. (Reuters)

Jordan's high fertility rate:

A burden on the Hashemite Kingdom's economy

AMMAN. — Health minister Zaid Hamzeh said Jordan has the world's second-highest fertility rate, and the president of the national women's federation called for smaller families, a newspaper reported yesterday.

Hamzeh said that mothers in this Middle Eastern nation of almost 3 million people have an average of 7.4 children — a rate second only to Kenya.

But he added that Jordan is now stressing family planning; the English-language *Jordan Times* said in a report on a seminar held Sunday by the General Federation of Jordanian Women.

Hamzeh noted that education influences family size. He was quoted as saying that uneducated women

give birth to an average of nine children, while those with an education equivalent to a high school degree average 3.2.

Federation president Haifa al-Bashir said a higher standard of living is possible only with smaller families, the paper reported. "This should... occur on the level of the society as a whole, where there would be a balance between production and consumption, and a balance between economic growth and population growth."

"Family planning is no longer a taboo subject," the paper quoted the minister as saying. "It is not a crime if we guide Jordanian mothers on how to raise healthy and happy babies."

"We want healthy babies and happy children, not just a lot of children. Our aim is the health of mothers and children, and we have the necessary means to help."

JORDAN HAS offered free contraceptive pills and other forms of birth control since 1972 through its 115 mother and child-care centres.

Abortion is forbidden in Jordan under Islamic law, but "it is not religiously forbidden to take contraception," Jordan's mufti, or chief Islamic legal authority, was quoted as saying.

The mufti, Sheikh Izzeddin al-Tamimi, said contraception is not forbidden "as long as no fertilization of the egg occurs."

His view was disputed by Dr. Ah-

mad Abdul Wahed, who said that Islamic law forbids efforts to stop life from occurring. The doctor presented a paper on natural contraception.

According to the paper, Hamzeh — upon becoming minister — "was shocked" to discover that the ministry did not believe in the importance of child-spacing projects.

"But now we can speak openly, and all those who are aware of the importance of family planning share the same opinion," Dr. Zaid al-Kayed, president of the ministry's mother and child-care centers, said they offer prenatal, delivery and postnatal services for mothers and vaccinations against deadly diseases for babies. (AP)

After the Amman summit:

Egypt, no longer the Arabs' odd man out

By JOHN ROGERS/
Cairo

EGYPT, BACK on official speaking terms with most Arab states, is now set to wield its strength in Arab conclaves without sacrificing its unique link with Israel.

President Hosni Mubarak is likely to use Cairo's new respectability to push for greater Arab solidarity behind Iraq in its war with non-Arab Iran, Western diplomats said.

Bolstered by diplomatic ties with all but six of the Arab League's 21 members, he was expected to call for more frequent Arab summits and to try to reopen rival Syria as the Arab renegade for supporting Iran. "For a decade, Egypt was the odd man out," one diplomat said, referring to its 1979 peace treaty with Israel, which prompted most Arab countries to cut ties with Cairo.

"Now it is no longer out on a limb. The Arabs seem willing to bury rejection of peace with Israel because of what is happening in the Gulf." Mubarak remains firmly committed to the peace pact with the Jewish state and shows no signs of renouncing it.

The diplomats said Egyptian-Israeli relations would not be affected by the decisions of nine states to

restore full ties with Cairo after Arab leaders agreed at an Amman summit this month to let each league member decide for itself on the issue.

The six countries still without formal ties with Egypt are Tunisia, Lebanon, Syria, Libya, Algeria and South Yemen.

"It will be business as before with the Israelis — cool and correct," said one diplomat.

NOR DO THE Palestinian flags flying again over Cairo hold a new message for Israel, the diplomats said.

Mubarak allowed the PLO on Sunday to reopen its Cairo offices, closed in April in protest at PLO criticism of Egypt.

"The post-summit environment and the passage of seven months was deemed a decent interval," one diplomat commented.

The diplomats predicted that Egypt would continue to criticize Israeli policies in the territories and urge Israel and the U.S. to back an international Middle East peace conference.

The impact of the Gulf war on the Gulf Arab states, especially Kuwait, has spurred the restoration of ties with Cairo.

"Gulf states are looking on Egypt

as a security blanket," said one diplomat, noting its traditional role as Arab leader, its 51 million people, its armed forces — 445,000 regulars backed by 600,000 reservists — and its arms industry.

For most of the seven years of the Gulf war, Egypt has provided Iraq with arms and political support. It can now play a more active political role and flex its military muscles in warnings to Iran.

Mubarak paved the way in October when he declared that Egypt sided with Kuwait in its self-defence "with all our feelings and our potentials." Defence Minister Field Marshal Abdel-Halim Abu Ghazala took up the theme this week, saying a united Arab stand, backed by military strength, could force Teheran to negotiate peace.

"The Arab countries have the military power that could play a decisive role to end the war," Cairo newspapers quoted him as telling a parliamentary committee.

EGYPT APPEARS intent on boosting arms sales to Iraq and Gulf states with the help of Gulf Arab investment in its arms industry. Officials say it does not envisage sending troops.

Former prime minister Mustapha Khalil said Egypt's duty was to help

Gulf states against foreign aggression "not necessarily by sending forces, because we are not encouraging anyone to enter the fight against Iran..." Khalil, attending ceremonies in Israel to mark 10 years of the peace process, also said that the Arab states which restored ties with Cairo were implicitly endorsing peace with Israel.

Western diplomats disputed this view. They said that most Arabs had merely learned to live with Egypt's solo stand.

Egyptian officials said the Arabs set no conditions for renewing relations, and the diplomats discounted suggestions that they acted to distance Cairo from the peace treaty.

Diplomats also did not foresee Arab-Israeli rows flaring in Cairo, where Israeli, PLO and Arab officials have coexisted since 1979 while Arab countries kept well-staffed "interests sections" in foreign embassies.

"They have learned to live together in most places outside the Middle East," a European diplomat said. "They are not going to start quarrelling over the canapes in Cairo." (Reuters)

The Middle East page is edited by Yehuda Liani.

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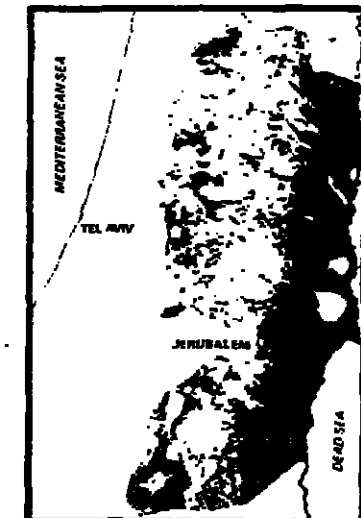
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Unified front for Histadrut pension funds

Yitzhak Oked
Jerusalem Post Reporter

DOV PELLEG, chairman of the social security department of the Histadrut, has been empowered by the Histadrut Central Committee to carry out one of the largest internal shake-ups in recent years — to merge all the Histadrut pension funds into one huge fund.

Speaking to *The Jerusalem Post*, he seemed determined to carry out the merger. "Five out of the six Histadrut pension funds have already agreed to join the United Pension Fund, which means that we already have here 90 per cent of all those insured in these funds."

The only fund that is still holding out is Makefet. What will happen to Makefet if it continues to refuse to join the united fund? "We have decided to carry out the merger, and we plan to start the ball rolling in January 1988. This means that there is no way that this initiative can be stalled any longer. If Makefet's officials continue to oppose the merger, we will go over their heads and inform all the members of the Makefet fund that they must join the United fund."

What will happen if, after his department sends out letters to all the Makefet members, they back their officials and refuse to join the United fund? "Then we will tell them in a language that cannot be misunderstood that they will have to look elsewhere for a non-Histadrut pension fund."

MAKEFET OFFICIALS don't seem frightened by this tough language. They told *The Post* that they want to know exactly what they are getting into before deciding whether or not to join. Nor are they afraid of remaining outside the United fund and being a relatively small fund in comparison.

These officials also claim that Pelleg's picture is a little too rosy. They do not believe that he will be able to get the ball rolling by January 1988. One official pointed out that according to what he had heard, Mivtahim, another Histadrut pension fund, has not wholeheartedly agreed to a merger and has put forth a number of conditions before giving their final agreement. One condition: that all the funds must be part of the United fund, meaning that if Makefet refuses to join, then they, too, will not participate in the merger.

Pelleg sounds unbending when it comes to the time-table he has already prepared for the new United fund (which does not yet have a name), brushing aside any dissenting voices. "By January, at the latest February 1988, the Histadrut plans to appoint a provisional management for the United fund and will be in charge of the complete merger process. This is a complicated one. They will have to deal with a bunch of problems: legal, financial and administrative. I hope that this provisional committee will work fast so that by July or August 1988, the new United fund will be turned into a reality."

BY UNITING all the funds, they will be able to streamline these pension funds, Pelleg said. This department has already gone out and prepared an actuarial report of the United fund, and it shows that without any serious changes to the present system, the United fund will be more solid than if each and every fund had to fight its own battles. According to these reports, the United fund's break-even point (when the pension payments will exceed the monthly contributions by paying members and the interest received from these funds) will occur in 35 years. He claims that if some changes are made, the break-even point will be much later.

Pelleg said that one little change might have some positive effects for the funds. This is a recent Knesset decision initiated by their department that will enable women to continue working till the age of 65 — should they wish to do so — instead of having to go out on pension at the age of 60. He stated that if such a step were taken towards men as well, it could radically change the financial and actuarial situation of the pension funds. This would introduce the possibility that the monthly contributions could be whittled down instead of increased, as planned for April 1988.

He admits that this is not an easy matter. On one side, increased longevity calls for larger contributions to the pension funds. In Israel, the current monthly contribution is 16 per cent (both by employee and employer) and will be raised by April 1988 to 17.5 per cent of the salary. In several European countries, the percentage is as high as 22 to 25 per cent.

He reveals that the government is pressuring the pension funds (and the same is true concerning insurance-company pension funds and bank provident funds) to change the agreement it has with them.

According to government regulations at present, 92 per cent of the pension fund contributions must be invested in preferred interest rate (specially issued for pension funds) government bonds. The government is interested in lowering the preferred interest rates and also wants to lower the percentage of the pension fund contributions that must be invested in government bonds.

The government would like to lower the pension benefits as a step towards lowering the monthly contribution. The government wishes to lower the price of the work hour in Israel, since these pension fund contributions find their way into the calculations of the price of the work hour in the country.

"We have explained to the government officials that the Histadrut will oppose any change in the pension fund agreements. For us here in the Histadrut, the pension funds are a holy matter."

Pelleg stated that the Ministry of Finance is trying to lower the pension fund standards and regulations and to put them on par with the rest of the world. "But what the Ministry of Finance does not realize is that for the benefit of all involved, the present system is the best. We are sure that it would not be in the best interest of the government to have the contributions raised to the levels of Europe — to 25 per cent of the wages."

"On the other hand, if the government pushes for a more liberal purchasing policy, it would mean that the pension funds would have to invest larger portions of their funds in the stock market. "I do not know if your readers are aware that the recent crash in the American stock market has had an effect first of all on the pension funds that have stocks. According to reports that we have here, some of these pension funds have had to cut down on their pension benefits. We simply cannot see such a situation occurring in Israel and hope that such a situation will never become a reality here."

Changes within occupations or employing bodies can also have a major impact on pensions, mostly when such changes are not incorporated in the rights of pensioners. Changes in grades are a traditional way of granting wage increments in

Pension and provident funds: the challenge of the future



Avi Temkin
Post Economic Reporter

Israel's pension funds are facing the same type of problems and challenges as many Western countries. The combined effects of demographic, occupational and economic changes have produced in many of these countries uncertainty about the future of the pension funds.

In Israel, uncertainty has been compounded by domestic developments that are now forcing government officials and the funds' heads to contemplate the need to overhaul the system.

One of the basic characteristics of all pension systems is the fact that they are not regular saving schemes. What one buys during the years are pension rights, based on the collective and mutual responsibility of all the funds' members. Unlike saving schemes, where the individual gets what he deposited plus the promised yield, there is no simple link between contributions and allowances. What counts are the members' rights and the situation of the fund.

It is for that reason that demographic changes are so important for pension funds. When the age structure of the labour force starts turning unfavourable, when there are relatively less young workers, the long-term perspectives of the pension system become problematic. Pension funds depend for their viability on a continuous inflow of new young members. When this inflow dries, problems will arise. It is basically on the basis of the contributions of new members that the fund's position is established.

SUCH A SITUATION creates not only the potential for long-term trouble but for a clash of interests among the funds' members themselves. For an example, take the way the pension allowance is calculated. Most Israeli funds used to base pension payments on a worker's earnings during his last three years of work. This clearly encouraged older workers to get pay increases during their last active years in firms. From the point of view of the employers, there was little trouble in granting such increments, which made wages of such workers artificially high, since the cost to the firms would be limited to two or three years. The real burden would fall on the younger members of the fund, whose contributions eventually sustain the pension of retired members.

An opposite distortion is also possible. For many individuals, the peak of their earnings power comes long before they retire. Closer to retirement age, earnings go down. This leads to lower pensions for retired workers, much lower than their average earnings during their working careers.

The solution to both kinds of distortions would be to adopt some sort of average, based on all the years of work. Such a solution was adopted by the Makefet pension fund since April 1981, but almost all other funds still operate on the three-years-average system.

Occupational changes are also the source of potential problems. Historically, membership of pension funds was based on occupational basis. But as time passed, profound changes took place in the division of labour in society, and in the differential rewarding of each occupation.

Thus, pension funds linked to professions that become progressively less rewarding run into increasing trouble. Obvious examples are the pension funds connected to the agriculture or construction workers unions. Over the last 20 years, low-paid Arab workers from the administered territories, who do not take part in the pension fund, have entered these fields. Consequently, wages for all workers are very low.

Changes within occupations or employing bodies can also have a major impact on pensions, mostly when such changes are not incorporated in the rights of pensioners. Changes in grades are a traditional way of granting wage increments in

Israel. In addition, there are numerous increments that are not pensionable, as anyone familiar with his pay slip would know. The upshot of these increments is that the pensioners are left out and their pension is gradually eroded. Wage contracts, after all, are drawn by active workers, many of them young ones. Pensions and pensioners do not appear high on their agenda.

Occupational changes have also meant the emergence of a highly paid sector of employees who prefer to insure their future through alternative plans specially tailored to their needs. Thus, the better-off are offered special schemes, like *bithah menahalin* in Israel, while the average worker is left with the traditional — and trouble-ridden — pension fund.

Furthermore, social and economic stratification in Israel has meant the existence of a series of privileged pension rights for those at the top of the power and economic ladder. Sometimes this has meant special income-tax treatment for those under executive plans. More frequently, it has meant that those at the top can accumulate pension rights at twice the pace of the average worker.

ECONOMIC developments have also left their imprint on pension funds and pensioners. There are many voices in Israel calling for an erosion of gross wages, and compensating workers through a reduction in the income-tax burden. This was implemented in 1985 and 1986. But both contributions to pension funds and pension allowances are linked to gross wages. Therefore, erosion of gross wages would translate into an erosion of pension-fund strength and of the payments to retired workers.

Economic developments in the last few years have also led to an increase in the number of redundancies. In Israel, the practice has been to solve the problem of individual or group redundancies through early retirement. While solving individual problems, this has increased the burden borne not only by the funds but also by the economy, since otherwise active members are receiving money instead of contributing a few more years.

The combined effect of all these developments has been to produce a question mark about the long-term strength and stability of the pension funds. The basic question is whether the funds will be strong enough in 20 or 30 years' time to meet their obligations or, in terms of auditors and accountants, whether there are actuarial deficits. And if deficits exist, how big are they? Some experts are really concerned with this question and have been talking lately about a combined deficit of NIS 6b., which could be a time bomb going off in 20 years. Other experts claim the deficit totals some NIS 2b.

Whatever the true figure, it is clear that steps designed to prevent a major crisis in the future are necessary. One such measure, which has been sought by the Histadrut, has been to increase contributions by members. Some 18 months ago, the Treasury produced a report on the status of the pension funds, strongly recommending a reduction in the rights that would be accumulated by the members, without reducing the contributions.

BUT THE solution seems to be to merge the individual funds into one. The Histadrut is very much in favour of such a step, since it would put the pension funds, which have strong connections with the labour federation, in a position to meet their

long-term obligations. But for the directors of each one of the funds, this would mean giving up a position of power, something that is not done every day in Israel. A strange situation has developed in the last few months, in which the Histadrut officials in charge of the overall performance of the funds found themselves clashing with the directors of the individual funds.

If the Histadrut has found it difficult to handle the pension funds, the Treasury has found it almost impossible. Through the capital market commissioner, the Treasury can exercise supervisory powers over the funds. In recent months, it has demanded from them a fuller disclosure of figures about membership and actuary deficits than they were prepared to provide.

The Treasury has also drafted reports showing the possible precarious situation of the funds if measures are not taken to prevent a crisis, such as cutting back the new accumulated rights, reducing the number of workers who are eligible for early retirement or enlarging contributions to the pension funds.

But beyond that, there has been little the ministry has been able to do. It can influence the funds through income-tax regulation, but any changes in those regulations could only be effective in the framework of an overall tax reform. Thus, the ministry must limit itself to a supervisory role of current practices, hoping the funds will of their own accord take the steps needed to put them on the right track.

Once funds refuse to merge, each one is left to its own devices, trying to show they can manage, and reacting to any attempt to prove they cannot function on their own. Moreover, funds are encouraged to find new members, and some of them do this by luring entire workplaces. The temptation is clearly there to offer the potential joiners exceptionally good conditions, something that could be done at the expense of the existing members.

PARADOXICALLY, the decision to continue their individual independent lives has little to do with the type of competition that could be found abroad, where different funds try to attract potential new members by showing the highest possible yield. This is, of course, connected to the type of capital market existing in those countries. Pension and provident funds there are forced to purchase securities of industrial and private firms, which could offer high yields but are of a more risky nature than the government bonds their Israeli counterparts have purchased.

Due to the chronic deficits of the Israeli governments, they were forced over the years to borrow increasingly larger sums at the capital market, until there was little left for private firms. Pension and provident funds in Israel must invest 92 per cent of their resources in "approved investments," most of them special government bonds with a yield of about 6.3 per cent a year. This denied the funds the possibility of trying to get a higher yield but offered them a sense of security that is lacking in many cases abroad.

But in the future, the funds will be faced with a new situation. For the past two years the government has gone to great efforts to reduce its borrowing requirements and to cut down long-term interest rates. So far, this has not affected pension funds as much as life insurance or other long-term savings, but the writing on the wall is already there.

The world is about to change even for the pension funds. In the future, they will have to cope with the need to have a much more flexible investment portfolio. They will have to take hold of opportunities. And they will have to learn to diversify their investments.

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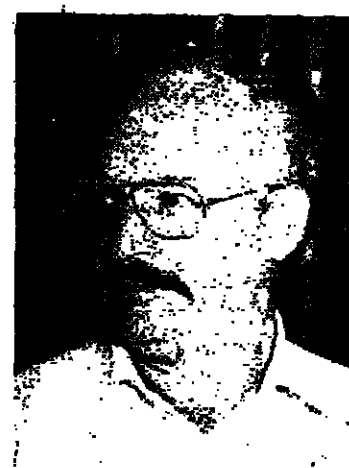
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Amos Eran,
Mivtahim General Director

agreement, to make certain that all salaried persons be included in the scheme. The plan is the best answer in today's national economy to the matter of insurance for salaried employees. We are, in addition, taking energetic action against

work places that are in arrears on provident fund payments and have activated a programme of cuts in costs, amongst others by branch mergers and administrative unification, which will bring about savings throughout the system, without lowering the level of service provided for members at their various places of employment.

At the end of September, 50,000 pensioners were receiving a total of NIS 220 million in Mivtahim pension payments.

During the nine months of the year, approximately 300,000 payments of various kinds had been made, adding to the well-being of Mivtahim members. There were payments for illness, vacations, compensation,

and provident funds, over and above the pension payments to some 50,000 pensioners.

Presently on the agenda is the subject of pension fund unification, in accordance with central committee decisions. We have no doubt but that overall unification of all pension funds in one sole fund, will contribute to monetary savings and actuarial entrenchment, all of which is intended to meet the future commitments which the Histadrut social insurance system has taken upon itself, with simultaneous improvement of services to fund members.

Mivtahim, The Workers Social Insurance Fund Ltd., 30 Ibn Gabirol St., P.O.B. 2746, Tel Aviv.

Actuarial deficit causing pension fund worries

THE HISTADRUT-affiliated pension funds — the oldest is about 38 years old — must make some serious changes if they're to continue offering their customers the benefits they expect.

Elihu Reif, chairman of the Makkef pension fund, has held many Histadrut positions, including the chairmanship of the Reif committee that was established to investigate the organization's pension funds and submit proposals as to whether to unite these funds.

Reif explains that when the Histadrut pension funds were established, there weren't many members of near-pension age. Thus, the statistics that were used then to estimate monthly contribution are now unrealistic. According to these figures, a worker together with his employer had to make a monthly contribution to the fund equivalent to 16 per cent of his wages. Next year this percentage will increase to about 17.5 per cent, but even this is seen by the pension funds as too little and too late.

Another problem is that some workers who established their own funds, for example building and agricultural workers, do not have many young members. More veteran workers are reaching pension age, but there is no new blood.

Reif was quick to explain that the pension funds are not in financial straits. What they are suffering from is termed as an "actuarial deficit." Actuarial science, he explained, is a statistical method used to calculate a person's average life span and their chances of becoming sick or an inva-

Yitzhak Oked

lid. "So, if we are told that the funds have an actuarial deficit, what it means is that they don't have financial problems today. But if they do not read the writing on the wall, they might run into problems in another 15 or 20 years."

Reif is sure that the pension funds have plenty of time to correct this deficit.

These deficits, says Reif, are the result of the contribution percentage remaining at 16 per cent, while the life expectancy has risen. "On average, a male worker can be expected to draw a pension for at least 14 years and a female worker for 16 years — and because of increased life expectancy these numbers are rising all the time."

Also affecting the pension funds is the country's unstable economy which has, among other things, resulted in many fund members losing their jobs. Once they find employment, many decide not to renew their membership or at best they freeze their membership. In both cases the pension funds lose out.

Some workplaces with financial problems are late in sending their monthly contributions. If this problem goes on over a long period, the plant has the further burden of honoring this backpayment; the funds usually have to agree on a "reduction" or "discount" for the company.

An increase in both employers'

and employees' monthly contributions, claims the Ministry of Finance, would increase the hourly price of work. The ministry suggests that, instead, the funds reduce the benefits they provide. Naturally, the funds oppose this proposal.

Reif believes that the future of the funds hinges on whether the findings of his committee are implemented. These include merging all pension funds by means of a common contract, stopping the competition among pension funds for new members, and increasing the efficiency of the funds.

If all goes according to plan, the pension funds will be incorporated — in the not-too-distant future — into one big fund divided into three divisions: Histadrut, industrial workers and service workers.

Looking at Makkef, Reif says that it is in a relatively good position with more than 50 per cent of its members still contributing. At the end of 1986 its accounts stood at: 40,000 frozen (members who had not withdrawn their money but were too young to draw a pension); 45,000 in provident fund schemes; 140,000 paying members; and 10,486 receiving pensions (6,800 pensioners, 2,862 dependents, disabled). One in six members receives a pension, a relatively good ratio, says Reif.

This is one of the reasons that Makkef officials (with the exclusion of Reif) are opposing the merger of all Histadrut pension funds, a stand that has caused tension in Histadrut corridors.

Total merger vital for success

Jerusalem Post Reporter

AS THE talks concerning the Histadrut pension funds merger near an end, the tension between the prospective partners seems to be increasing. The major partner is Mivtachim whose general manager Amos Eiran says his fund will not agree to the merger at any price.

He emphasizes that the Mivtachim management ("Mivtachim by itself is larger than all the other five Histadrut pension funds put together") is, in principle, all for the merger but only under certain conditions. Such an ambitious project, they say, must be accompanied by an assurance that the merger will be total, i.e. the funds will become one company, not a confederation of six funds under one roof.

Says Eiran: "We want to see one computerized system, one financial system, one manpower section and a merged company pension fund. This is the only way that the system can be streamlined; by cutting down on manpower and improving the service to our members. None of these changes will effect past agreements concerning our members' pension rights."

Eiran emphasizes that the participation fee increase from 16 to 17.5 per cent has nothing to do with the merger, but is for actuarial reasons. "There is no European country where the participation fee is less than 20 per cent. We are still having problems with the employers and the Ministry of Finance over this proposal."

Eiran proposes that a person who wants to continue working after retirement age for two to three years should be allowed to do so. After a

few years, if the proposal works, Eiran suggests making retirement mandatory at 65 or even 70, instead of 65 or 60 in the case of women.

It is not enough, he claims, to increase the participation fee; it is essential that there be only one pension policy in the future.

Mivtachim, according to Eiran, operates approximately 60 per cent of the entire system. Out of a clientele of 700,000, about 400,000 (1.5 million accounts) are with Mivtachim. The fund's July 1987 figures show accumulated capital of \$4 billion.

SHALOM TEN-AMI, director-general of the Histadrut Central Pension Fund holds similar views to Eiran on participation fees.

His is the second largest Histadrut fund with 81,000 members of whom 22,000 receive pensions. Accumulated capital this October was NIS 1.93 billion.

Concerning the proposed merger, Ten-AMI preferred to cite from the general meeting for fund members which discussed this subject.

"None of the members' rights from before the merger will be harmed. The members will receive and have their pension rights adjusted according to labour contracts signed within the economy."

"That the existing funds, when they join the merged fund, will continue to enjoy a certain amount of autonomy according to an agreement."

"The proposed rules and regulations of the merged fund will have to be approved unanimously by all the funds joining."

"The management and other ruling bodies of the merged fund will

be established not according to the number of members of the existing funds; thus no one fund (Mivtachim) will have a ruling majority in the united fund.

"The comptrollers committee that will be established will be comprised of representatives of the members and the funds."

The Histadrut Central Pension Fund general meeting emphasized that these decisions were only guidelines, and that a general meeting to be called before the final merger would decide whether or not to join.

ONE non-Histadrut pension fund is the Gilad fund which is mainly for observant workers. Noah Vladomirsky, director-general, says that his fund is not even thinking about joining the proposed merger, specially since it has no connections to the Histadrut.

The fund is in excellent condition financially, comments Vladomirsky, adding: "We just do not see any need to join such a merger at present."

The fund's position is so good, reveals Vladomirsky, that it may not raise its participation fee to 17.5 per cent. If it does raise the level, it will probably be to less than 17.5 per cent.

Gilad's accumulated capital has increased by about 8.5 per cent during the past year; by the end of October it had reached about NIS 236.2 million. According to their annual actuarial report of 1986, they had a surplus of about 9.3 per cent (most of the other funds show a deficit). According to a 30-year financial forecast they can expect a 30 per cent actuarial surplus. Y.O.

SAVING through life insurance has become a well-established feature of the Israeli financial scene over the last 30 years — but this quiet and orderly sector is now facing a major revolution that will render it virtually unrecognizable. Not surprisingly, it is fighting back hard, but the effort seems doomed to fail in the longer term.

The process of reform in the capital markets, which has already encompassed the savings schemes and provident funds run by the banks, is due to be extended to life insurance. But fierce resistance from the insurance companies and agents is holding up this development, to the chagrin of the Treasury and the Bank of Israel.

When discussing life insurance and its place in the panoply of Israeli savings, it is important to put into perspective the relative amounts of money involved.

The Bank of Israel statistics for the public's financial assets show that at the end of 1986, the public had a cool 105.5 billion shekels in short-, long- and medium-term financial assets of all sorts. The long-term segment of this money mountain came to almost NIS 30b., and of this, according to the central bank figures, NIS 30.8b. was in provident funds, NIS 2.9b. in compulsory government bonds and only NIS 2.2b. in life insurance.

However, these figures paint a distorted picture of the share of life insurance in total long-term savings. The "provident fund" category, as defined by the Bank of Israel, is too elastic, including not only the genuine provident funds managed by the commercial banks, which alone amount to over NIS 15b., and the provident and quasi-provident funds run by some large firms for their workers, but also the many billions accumulated for advanced training schemes (*kranot hishtalmut*).

In addition, this category takes in manager's insurance (*bituah menahalmi*): schemes managed by insurance companies but intended to compete with, and hence be parallel to, provident funds. Figures on exactly how much money has been invested in manager's insurance are not readily available, but the total is not less than several billion shekels, and is growing rapidly.

Thus, underneath all the figures lies the fact that life insurance savings, and the insurance companies that market them, are an important feature of the overall savings market, although secondary to provident funds.

THE SAVINGS component of all insurance schemes — as distinct from

Life insurance savings are an important part of the overall savings market. This sector is now facing a major reform.

Savings — change is inevitable



Pinhas Landau/Post Finance Reporter

the insurance component, which is, of course, actuarial — is a system called *hetz*. This Hebrew acronym stands for linked savings and signifies that the scheme in question invests the saver's deposits in specially issued government index-linked bonds that cannot be traded and that guarantee a fixed yield of 4 to 5 per cent real interest per annum, over and above the rate of inflation. This is the solid, government-backed guarantee on which the insurance companies base the marketing of their schemes.

The standard life-insurance schemes have become unpopular because of the stiff penalties imposed for early withdrawal, while the more flexible manager's insurance has become a big hit, not just with "managers" but with a broad spectrum of better-paid salary-earners and self-employed persons throughout the economy.

The capital market reform as a whole is based on ending the sale of non-tradable special-issue bonds to institutions and, instead, channeling their inflow of savings directly to the bond market to seek investments at the best prices available.

These will not all be government bonds, as the government gradually withdraws from the capital markets and allows other borrowers to raise funds.

In other words, nothing will be guaranteed, and savers will not live in the comfortable, if artificial, state of assured real returns — a state unheard of in any normal country. The reform has been successfully introduced over the last year or two with provident funds, and they have found that they can not only live with it, but are even prospering under the new regime.

But the insurance companies want none of it. The *hetz* system has allowed them to exist in a protected house, in which money is attracted by a high guaranteed return, and they themselves have to make no effort in figuring out how to invest beyond telling the Treasury how many government bonds they need to buy each month.

THE PROSPECT of having to compete among themselves for higher yields — by planning and executing a serious investment strategy — does not appeal to them. And neither do they nor the insurance agents relish

the prospect of switching from the sale of *hetz*-type policies, with guaranteed returns, to the kind of profit-distributing policies that are the basis of life insurance in the Western world.

The opposition mounted by both the companies and the agents, who have joined forces on this issue, has held up the Treasury from extending the reform to the insurance sector next January, as it had planned. The fact that the customers of the life insurance sector, especially of manager's insurance, are mainly the middle classes and upwards has helped the industry's struggle. By persuading their customers that the change is not going to do them any good, they have created a powerful pressure group, albeit informal and unorganized, on its side.

The struggle, however, is a rear-guard action, which everyone in the industry knows can only delay the coming changes. The standard line of defence used by the insurance companies has been that the Israeli economy is "not yet ready" to absorb the reforms; in reality, they are not yet ready to emerge from the hothouse.

An end to government subsidization of savings by guaranteeing high yields is something that is long due.

FOR THE INSURANCE companies, the change is obviously unpleasant, but they realize that it is ultimately inevitable. They are now investigating the various kinds of policies that are available in countries where the government doesn't provide savers with an easy life. It may take a year or two, but the siege on the hothouse will eventually result in its crumbling.

Is this bad for the saver? In a short-term sense, yes — and some companies and many agents are utilizing this line to persuade people to open up life-insurance savings today, while they are still covered by the *hetz* rules.

But savers are also part of the economy and the real world, and they cannot expect to forever receive risk-free and high returns that are unmatched anywhere else in the world. From a longer-term perspective, they need to realize that their savings should go towards financing productive investment in the economy, even if that involves a measure of risk, rather than towards paying for government overspending whose cost will be borne by future generations.

Without such investment, there will be no resources to make good the commitments that long-term savings such as life insurance ultimately rest upon.

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"Gilad" — Pension Fund for Observant Workers provides social security for its members. The fund will provide every worker in organizations that contact it with a comprehensive retirement pension.

The deduction for a pension is 16% of the worker's wage.

The fund has more than 11,000 members, including employees of Hapoel Hamizrachi organizations, workers of the National Religious Party, banks, yeshivas, religious colleges, Bar-Ilan University staff, and the employees of seminaries, local councils, various educational institutions and plants.

According to Mr. Noah Vladomirsky, the Director-General of the fund, Gilad concentrates on attaining efficient administration, on investing its assets in high yield securities, and in ensuring the actual balance of the fund, thereby safeguarding the rights of all members, now and in the future.

What, then, are the rights of members?

Retirement Pension — After 32 years membership, an insured person reaching retirement age is entitled to a monthly pension of 70% of his overall salary, for the rest of his life.

A member who completes more than 35 years' membership in the fund, or in funds with which Gilad has a "continuity" agreement, is entitled to receive on retiring a one-time grant of 75% of his last salary, for each year of membership over the 35th, up to the membership year in which he reaches 65.

For workers at educational institutions, there is an arrangement allowing early retirement at age 55 for women and 57 for men.

What does Gilad offer as survivors' pensions?

Gilad pays survivors pensions, in the event of the death of a member, after he has made 12 monthly contributions. A widow is entitled to a pension of 40% of the deceased's salary; children up to the age of 22 are entitled to a maximum of 40% of the deceased's salary, and if there are other dependants, the total paid as survivors pensions may be up to 85%.

In addition to survivors' pensions, the family of the deceased receives a one time payment that in 1985 amounted to NIS 1,500. This amount is increased, if the employee and employer pay larger monthly dues. Members of the fund are also covered for disability pension, when partial or full disability arises from medical causes. The maximum paid for full disability is 70% of the total salary.

Mr. Noah Vladomirsky also notes that, in addition to pensions, the fund assists its members with loans given from the fund's assets for constructive purposes, such as apartment purchases, medical treatment and house improvement. The fund has agreements with the Histadrut pension funds, the pension funds of the government and of the Local Authorities Organization and the universities, covering continuity of rights. These agreements safeguard the pension rights of those who change their place of work.

On retiring, members may arrange partial capitalization of their pension. A member may receive a one-time payment derived from 25% capitalization of his pension for five years. At the end of this period, he resumes a full pension.

Gilad's financial position (NIS)

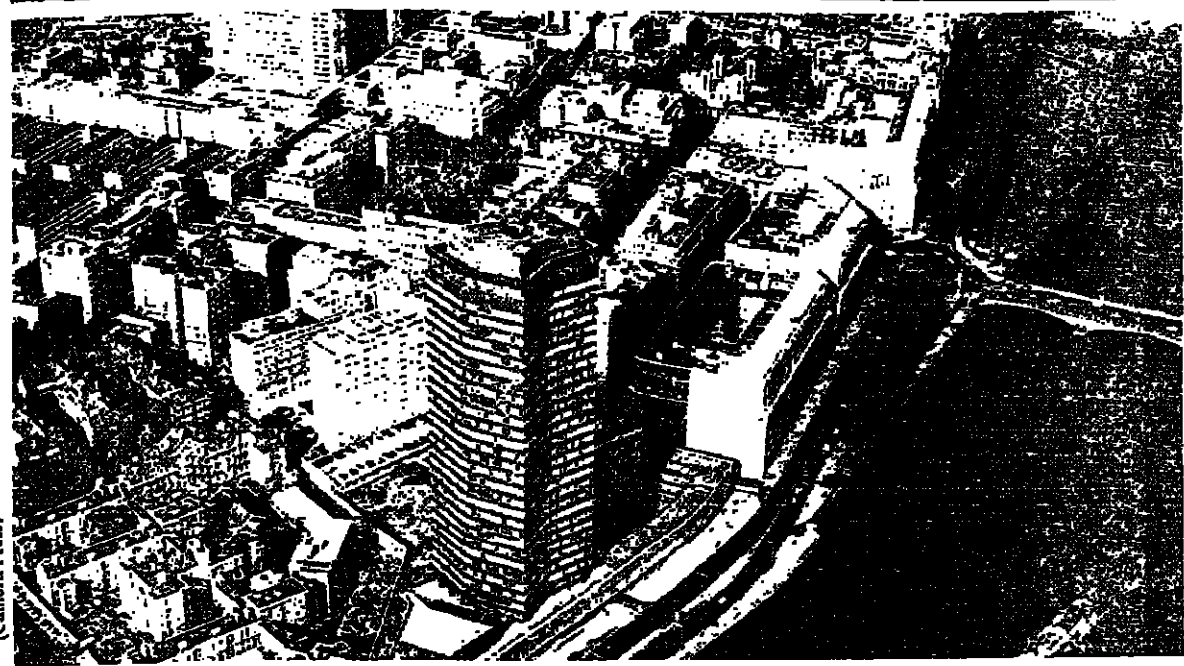
	1986	1987 (as at 31.10.87)
Balance sheet total on December 31	193,421,289	236,210,115
Pension fund dues	9,956,461	10,521,021
Income from interest, securities and revaluation differentials	40,270,099	37,662,439
Pension payments	2,849,720	3,058,394

The net increase in 1986 real terms was about 9.54%. Actuarial surveys have shown that Gilad is in a satisfactory position; the last actuarial survey made in 1987 shows that the fund is actuarially balanced, and in a strong position.

"Gilad" Pension Fund for Observant Workers Ltd., 2 Pinhas St., Tel Aviv 62 661



03-010-023



UK attractive investment market for Israelis

LONDON. — Joe Sucharewicz's current mission is to convince the Israeli government to allow officials sent here to buy apartments — which would save a fortune in rental charges, and enable such officials to save money to take home at the end of their tour of duty.

"Why should the government pay a fortune to those Hampstead landlords?" he argues in his eminently reasonable, slightly nasal tones. "It's a ridiculous waste of money."

A Polish immigrant who arrived in the UK at the age of 17, Sucharewicz has built up a large, thriving financial consultancy, A.S. Consultants, on the strength of his business acumen, and has established an excellent reputation with a large Jewish clientele.

Now he is turning his attention abroad, offering personal loans to Israelis with bank accounts here at interest only 3 per cent above the base rate. He is also interested in developing a project for long-term Israeli investors, who want to put a lump sum into investment bonds and negotiate overdraft facilities accordingly.

David Horovitz

"This is really a scheme best suited for those who want a long-term investment, but who also need to maintain a degree of liquidity," says Sucharewicz. "They can invest, say, in a property fund offered by a respectable insurance company, and collect the profits on maturity. Meanwhile, my company can arrange overdraft facilities based on the investment, which offers the investor the best of both worlds."

SUCHAREWICZ is also anxious to extend his involvement with Israeli manufacturers, who he believes are often lured to America by the promise of big money, but "frequently get stitched up."

Under the UK's Business Expansion Scheme, he points out, British

investors receive maximum tax relief if a product is finished or part-manufactured here. So, to obtain the best benefits, Israeli companies should consider joint manufacturing operations in Israel and the UK, "with the inventiveness coming from Israel and much of the funding coming from Britain."

A.S. Consultants has been in business for 18 years now, and the staff has grown to 40, making it one of the largest independent financial consultancy firms in the UK. Sucharewicz has already had a spate of inquiries concerning his plans for British-Israeli ventures and, as a frequent visitor to Israel he feels he is well placed to develop his ideas further.

The main point he seeks to put over to Israelis — be they investors or manufacturers — is that, when thinking of conducting business abroad, "they shouldn't concentrate on the U.S. to the exclusion of everywhere else. The tax system in the UK is positively inviting for Israelis seeking funding, and, indeed, for those looking for investment opportunities."

Increased profitability for banks' provident funds

YITZHAK ZIPORI, the deputy general manager of United Mizrahi Bank in charge of provident funds, is very happy these days. According to certain reports in the Israeli media, one of the bank's provident funds is among the highest in yield this year.

Zipori is especially pleased because 1987 is the first year in which bank provident funds are operating under new government regulations, ensuring that the funds operate under the same conditions. "This just proves that despite the sameness of the funds, there is still some leeway," Zipori explained.

"So even though all the banks must work according to these regulations, there is still enough room for professional bank investors to earn higher yields for their funds."

UMB has 14 provident, severance pay and advanced studies (*hishlamim*) funds. According to bank officials, most of their funds have managed to give relatively high yields during the 1986 fiscal year. Their two best funds are Yesodot, with a real yield value of 5.4 per cent and Hadar, with 5.5 per cent. Out of their 14 funds, three are owned jointly by UMB (60 per cent ownership) and by private investors (40 per cent) who are also specialists in the stock market. Several of the funds are managed outside the bank but under the bank's supervision.

The combined capital of the UMB funds at the end of October this year was about NIS 900m.

ACCORDING to David Yehoshua, the manager of the provident funds of Discount Bank, "You simply cannot move the clock back. The bank provident funds were the first to carry out the government's reform of the monetary system, which went into effect in April of this year. Since the reform, it has been a success. Despite all the protests at the



Yitzhak Oked

beginning. I now feel the government did the right thing."

Banks are now able to invest a larger portion of the provident fund money in non-government bonds. This has increased the profitability of the funds, which now have annual yields in real terms of about 5.5 to 6 per cent. Prior to reform, the yields were 4.5 to 5 per cent.

Yehoshua believes that Discount Bank's three provident funds (Tamar, Gefen and Shikma) and the severance fund for employers will most likely average about 5.5 per cent this year. As of October 1987, they had about NIS 3.4b. and about 780,000 accounts.

AVRAHAM FINE, the manager of the Bar Yatziv provident fund and the Central Severance Pay Fund of the Barclays Discount Bank (a subsidiary of Discount but operated on

an independent basis) senses some uncertainty in the air.

Before the reform, he says, the government sold to the provident funds special bond issues which gave a promised (by the government) yearly yield of 5.2 per cent in real value. Since reform, the government has stopped issuing these special bonds and the provident fund officials must purchase government bonds in the stock market. This set-up worked well in 1987, but in 1988 about \$3.8b. will be redeemed according to the bank shares arrangement with the government. Also in 1988, there will be a redemption of Yom Kippur war loans totalling about NIS 2.5b.

According to the latest figures, the Bar Yatziv provident fund and the Central Severance Pay Fund of Barclays Discount Bank had NIS 200m. and 51,000 accounts.

GIDEON GREENBERG, assistant general manager of Bank Leumi in

charge of provident funds, said that many people invest in provident funds because of the tax breaks they provide. "They are searching for a certain blend of savings and investment on a long-term level."

Concerning the redemption of government bonds during the coming year, Greenberg is optimistic, claiming that this will bring in new members.

"I am basing my optimism on what happened this past fall: a lot of the money redeemed from the bank bonds was reinvested. So I am sure that during the coming year, we will see many new accounts, and some of the older accounts will be beefed up with these moneys."

Bank Leumi has eight provident funds and one severance pay fund. Together, their worth at the end of October was about NIS 5.5b.

BANK HAPOLIM is celebrating the 30th anniversary of its first provident fund, Tagmulin. Avraham Hassman, senior assistant to the managing director said that Bank Hapolim was the first bank in Israel to initiate a provident fund. It was first programmed for self-employed workers. "But after its initial success, we decided to allow employed workers to be members of the funds."

"We were also the first to develop special provident funds that will give monthly sums upon retirement. Today, we have over 1.2 million accounts, and the available assets were more than NIS 5.8b., as of September 30."

In 1988, Bank Hapolim will introduce a new computerized service for its provident fund customers, providing them with up-to-date information. There are 10 funds owned by Bank Hapolim and another 12 funds of different institutions and bodies that they manage. There are also eight advanced-studies funds.

December is Running Out.

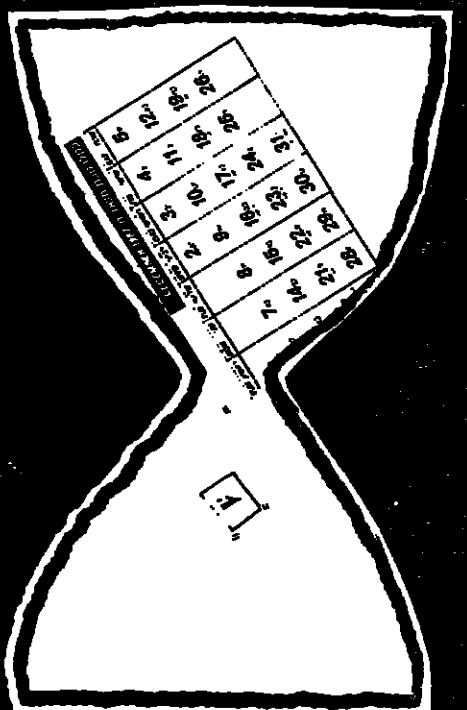
Please Note!

The tax year ends in December — just one more month. Until the 31st of December, 1987, you can take advantage of the benefits granted by the Income Tax regulations to self-employed and salaried persons, who make deposits in provident funds, and insure the future for yourself and your family through the Bar-Yatziv plan.

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Especially worthwhile joining up to December 31, 1987.



BAR YATZIV PROVIDENT FUND

Barclays Discount Bank Ltd.

Financial market reforms will affect funds in 1988

Jerusalem Post Reporter

HOW WILL the various funds (pension, insurance and provident) fare in 1988? Prof. Yehuda Kahane, academic director of the Erhard Insurance Centre, at Tel Aviv University's faculty of management feels that the reforms instituted this year in the financial market should soon start affecting the funds.

He also notes that if Israeli and world financial markets are sluggish, the funds will have lower yields. "This will force the officials of these funds, especially the bank provident funds, to be more professional in their investment policies."

Kahane said that due to government policy, all provident funds will yield more or less the same return — around 5 per cent in real terms, if the present situation holds.

Another big change, he said, was the government's plan to get out of the field of pension, provident and insurance pension funds. Kahane pointed out that the government had already started in this direction with the reforms it had carried out in the provident fund field.

Next in line were the insurance company pension schemes. Sometime in 1988, the government is slated to stop issuing special bonds with improved interest rates for insurance company pension schemes. This will only effect persons buying an insurance company pension fund policy after the new regulations go into effect.

The new policies will have to be different, and this could have a revolutionary effect on the insurance companies. Kahane says this new government policy will cause stiff competition among the various insurance companies, and between insurance companies and other financial institutions such as banks. This is because after the reform, the insurance companies will have to offer more in terms of financial return and not only life insurance.

MOVING TO problems connected with unemployment and its effect on the funds, Kahane pointed out that the average employer does not put as much emphasis on the important



process of firing workers as he does in hiring. When hiring, employers check candidates' education, skills, etc., often considering a dozen or more applicants, before hiring the appropriate person.

When the same employer wants to fire workers, he usually offers better severance pay. What usually happens is that the good workers leave and the poorer workers remain.

He advises those workers being fired or offered improved severance pay to quit to speak to a tax consultant specializing in this field. Sometimes, what an employer offers is not as good as it seems at first glance. The big lump sum often becomes much smaller after you deduct taxes.

In addition, there is the question of whether to remain insured by the same pension fund. If the worker decides to stay with the same fund, a large chunk of the severance pay will have to remain in the fund to

ensure that his pension rights continue.

He advises persons under 55 who are being fired to think carefully before pulling out of the pension fund and taking out his money. He said that a person in that situation who draws out his money might be doing himself a big disservice. Such people should consider remaining in the fund. He said that maybe they should even not be allowed to withdraw their pension funds.

AS TO pension funds, he pointed out that the "crisis" they are undergoing now is similar to that facing many similar funds in most of the world's developed countries.

The baby boom that started in the middle 1940s brought many people into the work force. As a result, after the year 2000, more and more people will be going out on pension than in the years before that. "Now if the pension funds have not prepared themselves and have not reached what is termed an actuarial

balance, then they will be facing big problems."

He then explained why the pension funds are going to receive a higher percentage of salaries starting in April 1988 — from 16 per cent to 17.5 per cent, including both workers' and employers' contributions. Due to the larger number of young persons insured and longer life expectancy, calculations that were made 20 or 30 years ago are not suitable today.

The bottom line is that in the past, people bought pension rights at a relatively cheap rate but the monthly payment of 16 per cent of the salary today does not cover the full cost. Only members who start work at an early age and remain insured until they go out on pension at the age of 65 are really paying the true cost.

He believes that people joining a pension fund at an older age should have to pay a higher rate or receive reduced payments.

Y.O.

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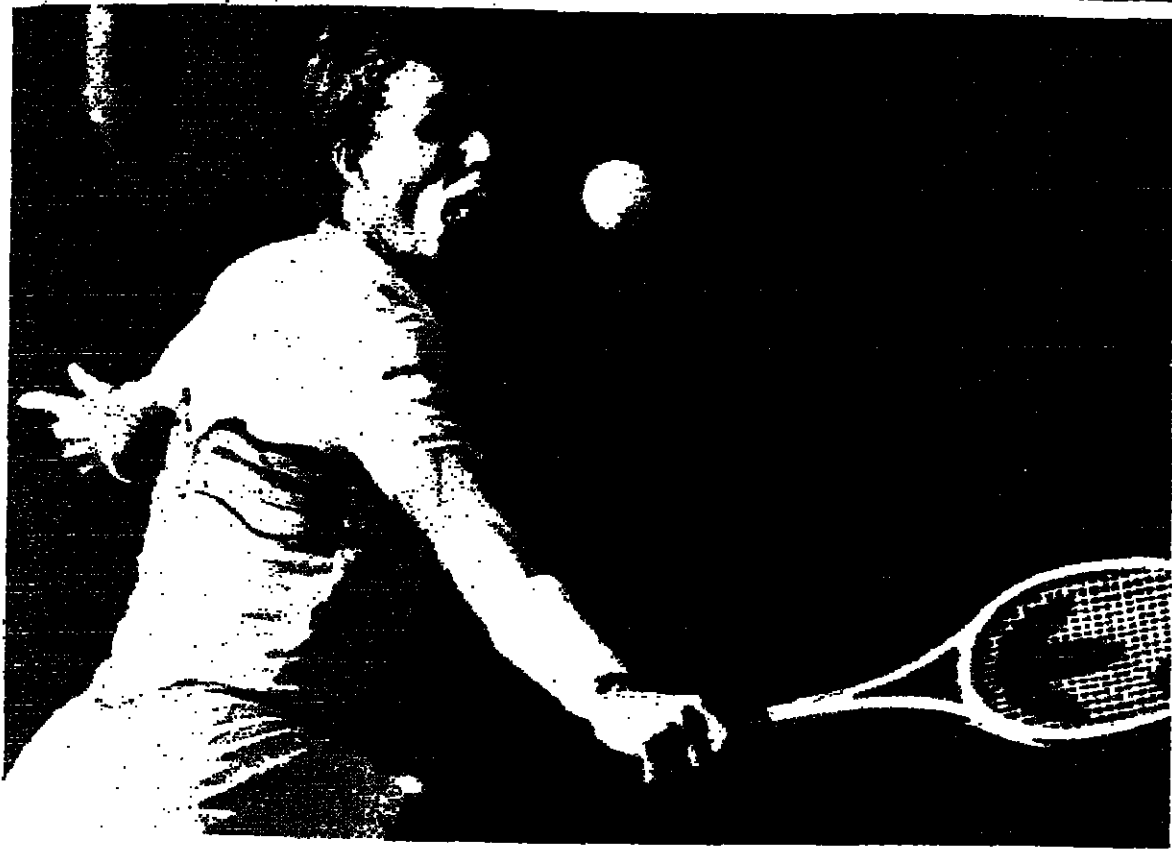
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NOT AS SAD AS HE LOOKS... Despite his gloomy appearance, Ivan Lendl enjoys being No. 1. (AFP)

TENNIS

Ivan appreciates lonely views

By RICK WARNER

NEW YORK (AP). - It's said to be lonely at the top of the tennis world, but Ivan Lendl likes the view from up there all the same.

"Being No. 1 is very satisfying," he said. "It's what you work for. Once you get there, you don't want to give it up."

Since taking over the top ranking in 1985, Lendl has shown no inclination to give it up. The 27-year-old Czech has won three straight U.S. Opens, and three of the past four French Opens, and has been runner-up at the past two Wimbledon.

He also has won two straight Masters championships, the climax of the year-long Nabisco Grand Prix circuit. This week, he will try to make it three in a row here at Madison Square Garden.

"It's not Wimbledon or the U.S. Open, but it is a big tournament," Lendl said. "It's always a challenge when you're competing against the best players in the world." The \$500,000 Masters, which features the top eight players in the point standings, begins tonight. The final of the round-robin tournament will be played next Monday night.

Challenging Lendl for the title will be Stefan Edberg and Mats Wilander of Sweden. Miloslav Meck of Czechoslovakia, Boris Becker of West Germany, Pat Cash of Australia and Americans Jimmy Connors and Brad Gilbert.

John McEnroe, who recently completed a two-month suspension for his behavior in the U.S. Open,

did not make the Masters for the second year in a row.

Based on recent results, Edberg could be Lendl's toughest opponent in the tournament. The 21-year-old Swede has won his last two tournaments, including a win over Lendl in a final in Tokyo.

But Lendl also expects a strong challenge from Wilander, whom he defeated in this year's U.S. Open final.

"Wilander hasn't played very well since the Open, so he has something to prove," Lendl said.

Becker, who lost to Lendl in the last two Masters finals, hasn't won a tournament since June. His slump started when he was upset by Peter Doolan in the second round at Wimbledon.

"I think he's lost some confidence," said Lendl. "His game is quite risky. For him to be effective, he has to take a lot of chances, especially on his second serve. When he gets conservative, he isn't the same player." Opponents have tried all kinds of strategies against Lendl in recent years, but few have worked. Along with his powerful serve and forehand - long considered the best in the sport - he now has an excellent backhand and an adequate volley.

Nevertheless, he is constantly striving to improve.

"I am never absolutely happy with my game," he said. "There's always something I can work on to become a better player, like my service return or my volleying."

Lendl has won seven tournaments and about 1 million dollars in official prize money this year. But he came up short again at Wimbledon, where Cash beat him in the final.

His failure to win Wimbledon or the Australian Open - the two Grand Slam tournaments played on grass - has led some critics to question Lendl's versatility.

"What they forget," he said, "is that I have been the most consistent player on grass for the past two years. I've been in the finals twice (at Wimbledon) and the semis twice (in Australia)."

Lendl's biggest goal in 1988 is to win these two tournaments, Wimbledon and Australia. As soon as the Masters ends, he plans to go to Australia to begin preparing for that country's Open, which will be played in January at the new National Tennis Centre in Melbourne.

"I want to win the Australian and Wimbledon tournaments because they are the only two Grand Slams I haven't won," Lendl said. "Of course, I'd like to win the other tournaments, too. I don't think I'll ever get tired of winning."

The opening match in the Masters today will be between Edberg and Cash. They, Wilander and Meier are drawn in the Pancho Segura group, while Lendl, Connors, Becker and Gilbert are in the Rod Laver group.

The second match will be between Connors and Gilbert, and the third between Wilander and Meier. Lendl plays his first match tomorrow.

BASKETBALL

Maccabi confident

By DON GOULD

There is a festival of high level international basketball games involving Israeli teams tonight. Unfortunately for local fans, only one of the games will be played at home. Elitzur Netanya host Monaco in a quarter final game of the Korac Cup tonight, but the other three teams are all in Europe. Hapoel Tel Aviv, also playing in the Korac Cup, are in Italy to meet Cantu, and Galil Elyon, participating in the European Cup Winners Cup, will meet Scavolini Pissaro.

Maccabi Tel Aviv, playing in the European Cup, will be going after their second straight victory and first on the road, when they go against Nashua Den Bosch in Holland. Maccabi got off to a roaring start in the final pool by nipping one of the pre-tourney favorites, Barcelona, last Thursday at the Yad Eliyahu Sports Palace. In that game Maccabi had to play without the services of Kevin Magee.

Magee did not leave with the team on Monday, but stayed in Israel for an extra day to receive additional treatment for his swollen right foot. He left yesterday to join the team. He has a soft tissue injury which causes the ligaments to spread out. Before leaving, he was fitted for special pads to help keep weight off the sore area. It is expected that Greg Cornelius will again fill in at the centre spot.

Den Bosch have been champions of the Dutch league for eight straight years and appear headed for a ninth. They are 4 points clear at the top of the table, as a result of their 102 to 76 victory over Miniware last Sunday. But the Dutch league is not as strong as the Israeli basketball league, and tonight presents an excellent opportunity for Maccabi to gain an all-important away win.

In last week's opening round, Den Bosch lost to Partizan Belgrade in Yugoslavia, 94 to 101. Basketball

has not yet gained the popularity in Holland that it has in the rest of Europe. As of yesterday, only 400 tickets had been sold for the game.

The Dutch champions are led by two American contract players, 1-96 Paul Thompson, who played for a short while with the Portland Trailblazers in the NBA, and 2-05 Mike Reddick. Alongside these two are two players who were in the Dutch National team that beat Israel last June in Greece. Jos Kuipers, a 2-04 forward, and Henk Pieterse, a towering 2-10 centre, will be familiar to those members of Maccabi Tel Aviv who played on Israel's national team.

Den Bosch are coached by veteran Rud Harrewijn, who, like his Israeli counterpart, Ralph Klein, is returning to the helm after several years absence. They were beaten in September by two other Israeli teams during the course of a pre-season friendly tournament. Hapoel Holon beat them by one point and



V-SIGN - Ralph Klein has reason to believe he'll make this sign tonight. (Hanoch Guthmann)

Elitzur Netanya whipped them by 30.

Thus, even without Magee, Maccabi have a fine opportunity to win. The game, not scheduled to be broadcast by local radio or television, will tip off at 9:00 Israel time.

NBA

Barkley collects 43

SALT LAKE CITY (AP). - Charles Barkley did everything but drop kick the ball through the basket as the Philadelphia 76ers derailed Utah's potent running attack and handed the Jazz their first home loss this season.

The result: Barkley scored a career-high 43 points and the 76ers beat Utah 106-100 to hand the Jazz their first loss in eight games at the Salt Palace. Milwaukee beat Indiana 104-94 in the only other NBA game on Monday night. "Everything Barkley threw up went in," said Utah's Karl Malone, who finished with 17 points, 8 below his season average.

"The team fit all the important baskets. He could have drop-kicked the ball in." Philadelphia, playing with-

out injured starters Roy Hinson and Tim McCormick, broke to an early lead on a 15-1 spurt keyed by Barkley, then fought back a late Utah challenge.

In the Bucks victory, Jack Sikma had 21 points and 13 rebounds for Milwaukee and Craig Hodges spiked an Indiana rally with 12 fourth-quarter points.

The Bucks led 76-60 after three quarters, but the Pacers got as close as 89-83 with 5:34 left. Milwaukee regained control with a 9-0 rally that Hodges, who scored 16 points, finished with a 3-point goal and a layup.

NBA - Monday's results: Montreal Canadiens 6, Boston Bruins 4; Calgary Flames 4, Chicago Black Hawks 0.

NFL

Rookie Bo breaks records

SEATTLE (AP). - Rookie Bo Jackson rushed for a team-record 221 yards on 18 carries and scored three touchdowns, including a 91-yard scoring sprint in the second quarter, leading the Los Angeles Raiders to a 37-14 NFL victory over Seattle on Monday night.

The Raiders, 4-7, previously eliminated in the NFL playoff chase, snapped a seven-game losing streak with their first victory in the Kingdome since 1981. They were outscored 70-3 in their previous two visits to Seattle.

Jackson, enticed by Raiders' owner Al Davis to go from the Kansas City Royals baseball team into the NFL for a five-year, \$7.4 m. contract, had a 2-yard touchdown run in the third quarter. On that play, he

carried Seahawks' \$11 m. rookie linebacker Brian Bosworth into the end zone.

Jackson had a 42-yard run on the scoring drive as the Raiders went from a 27-7 halftime advantage into a 33-7 lead.

The loss kept Seattle, 7-4, from moving into a tie with San Diego, 8-3, for first place in the AFC West, and dropped the Seahawks into third place in their division behind Denver, 7-3-1.

In just his fifth pro football game, Jackson also caught a 14-yard scoring pass from Marc Wilson in the second quarter. Wilson also had a 46-yard touchdown pass to James Lofton in the first quarter. Chris Bahr added three field goals for the Raiders.

TRIATHLON

American ironman wins Eilat

BY JACK LEON

Post Sports Reporter

EILAT. - American Ken Glah, winner of last Saturday's \$10,000 "Israel" Eilat International Marathon, has had just two weekends off during the past nine weeks. During that period, he competed in no less than seven triathlons in countries scattered around the world.

In all, the tireless 23-year-old from Pennsylvania - his country's fifth-ranked triathlete - has cycled, run and swum nearly 750 kilometres in countries as far apart as Mexico, Reunion in the Indian Ocean, and Hawaii.

Glah's prodigious effort includes taking fifth place in the 10th "ironman" triathlon in Hawaii, the longest annual event in the sport, which consists of a 3.9-km swim, 180-km peddle and the full 42-km marathon. A total of 1,250 men and women participated in the celebrated meet, with another 9,000 being weeded out in qualifying competition.

This weekend, Glah is taking part in a race in Guatemala, marking his 20th triathlon this year. Following a winter break, he will resume training in February, and then open his 1988 season in the Virgin Islands in April.

After a successful 1987 campaign, Glah expects to be in third place when the new U.S. men's rankings appear at the end of the year.

He won \$4,000 for his victory in the standard-length triathlon here, clocking a useful one hour, 57 minutes, 15 seconds for the 51.5-km course. It comprised a 15-km swim in the Eilat lagoon, a 40-km cycle race in the Arava and a 10-km run along the seashore. Fifty overseas athletes from a dozen countries and more than 100 Israelis competed in the country's first major meet in the three-dimensional sport.

In a still-young sport where the financial rewards are still comparatively small, Glah's winnings represented a sizeable jackpot. "The cash awards in the triathlon cannot be compared to those in well-established sports like tennis and golf," the affable red-headed athlete told me in an interview at the Eilat Sport Hotel, which served as race headquarters. "I doubt if this year I will make as much as the world's 100th-ranked professional tennis player."

Prize money at the "Ironman" triathlon totalled \$120,000, only a little more than a low grade Grand Prix tennis competition.

"But the triathlon has a great future," Glah asserts enthusiastically. Started on the West Coast of the U.S. some 12 years ago, it is now among the fastest growing sports in the country, and has also taken on in Canada. By the end of this year, an estimated 1.5m. Americans - 20 per cent of them women - will have competed in around 2,500 races.

Like many triathletes, Glah started out as a distance runner, graduating from five and 10-km races to the marathon (he has a best time of 2:27 for the classic distance). "But I got rather bored with distance running; the challenge was just not there any more, and I began looking around for something with more diversity. During a layoff through injury, to keep fit I took up swimming and liked it, and before long I was hooked on the triathlon." He is now in his fourth year as a professional triathlete.

Glah estimates that 50 per cent of all American triathletes have a background in some sort of competitive running. "The triathlon produces the second fittest group of sportsmen after cross-country ski-

ing," he claims with confidence. "This is because all our muscles and resources are used at the same time."

Uzi Ron of kibbutz Ein Dor, co-organizer of the Eilat meet with Trevor Traube, reported that about 50 per cent of the 100-odd Israeli participants are fellow-kibbutzniks. Eight of them come from Horshim, which staged the country's first triathlon in 1985. Ron, who recently formed the Israel Triathlon Association, estimates that 70 per cent of local triathletes came into the sport through competitive running, with most of the remainder starting off in cycling.

Kibbutz Shamir's Micha Kagan, 25, the first Israeli finisher, is an exception, having been a successful competitive swimmer before turning to long-distance running. Kagan's time of 2:15.53 gave him ninth place overall in the strong field. Following Kagan home was Ariel Liden, also 25, of Ma'anit, an immigrant from the U.S.

The first Israeli woman finisher was Adit Keren-Zvi, 21, daughter of Yediot Achronot deputy sport editor Hagai Keren-Zvi. Adit got home in 2:52.56, to take third overall place among the 15 women starters, six of them from abroad.

There was an outstanding achievement by one-legged Tel Aviv athlete Smadar Tsur, 26, who competed the testing course in about 3:50. Tsur, who lost her leg

above the knee in a Sea of Galilee boating accident 10 years ago, used her specially-adapted light wheelchair for the run. Smadar, a member of Ilan's Sports Centre for the Handicapped in Ramat Gan, is so good at basketball that she turns out regularly with the men's team of Ilan Haifa, the country's current national league wheelchair champions.

Tsur, who has won top honours abroad in basketball and swimming, was first woman finisher in last spring's Tel Aviv Marathon in a time of 3:17. It is very unusual for handicapped athletes like Smadar to take part in international triathlons, I was told by England's European champion Sarah Coope, 25, who gained the women's title in 2:22.18. Traube summed up the feelings of all present when he said at the prize-distribution ceremony: "Everyone was really a winner in this race. Smadar showed us what dedication and courage really are."

There was much praise for the exotic setting provided by Eilat and the efficient organization of the race from all the leading overseas competitors, as well as guest-of-honour Jef Konings from Belgium, the new chairman of the 20-nation European Triathlon Union - which caters to 50,000 triathletes on the continent.

The meet - which is to be an annual affair - was sponsored by Isrotel, together with the Eilat Municipality, Budget rent-a-car, Nike, Head and Mei Azarim.



NO SWEAT - Len Glah takes the border in his stride. (Bar-Tal)

Satellite series reach climax today

By ORI LEWIS

The autumn's grueling, month-long satellite series reach their climax at the ITC courts in the capital today. Conny Falk of Sweden and Chuck Adams III of the U.S. will contest the men's Frankel crown while the two top Israeli women, Ilana Berger and Dahlia Coriat will battle for the women's title.

The men's top seed and favourite to win all the tournaments, Jean-Philippe Fleurian retired hurt in his singles semi-final against Falk, playing only one game - which he lost - before shaking hands with his opponent and leaving the court. In the doubles, it was much the same story for poor Fleurian. He soldiered on for one set, but then had to default, together with his partner, Johnny Goudenbour of Luxembourg. Their departure enabled Misl Klesinger of West Germany and Phil Williamson of the U.S. to reach the final.

The other men's semi-final was a hard-hitting affair between two youngsters. Adams, 16, and Israel's Boaz Merenstein, 17, fought a gru-



ASPIRANT - Chuck Adams.

elling first set. Merenstein held the advantage several times but eventually succumbed to a better, steadier all-round player.

Merenstein found himself pushed to the limits against the power of Adams, who is the No. 2 ranking junior in the U.S. The young Israeli volleyed effectively, but could not cope with his opponent's devastating forehand. Both players served

strongly, but the American's service was more powerful and more consistent. In all, Merenstein, a good player, was beaten by Adams, a better one. The score, 7-6, 6-2.

Ilana Berger confirmed her No. 1 seeding and reached the final as expected, but not before being pushed to the limit by 14-year-old Greta Schmitt of Hungary, a hard hitter from the baseline. In the first set, Berger tried to attack but made too many errors, and the Hungarian, lunging into every drive, suddenly found herself in complete control. She won the first set 6-2.

The more experienced Israeli champion changed her tactics in the second set, staying back for most of the time, letting Schmitt get impatient and forcing her into careless play. Berger regained her confidence after looking pretty shaky in the first set. She reeled off the next two 6-2, 6-3.

In the other all-Israeli quarter-final the gutsy Yael Segal tried her best against Dahlia Coriat but succumbed 7-6, 6-3.

The women's final will be played today at 2 p.m. with the men's final to follow.

David Jenkins' fall from grace

By RUPERT MORRIS

SAN DIEGO. - In the summer of 1972 he was the 20-year-old darling of British athletics, the man whose brilliant final sprint brought home a silver medal in the 4 by 400 metres relay at the Munich Olympics.

The summer of 1988 will not be so kind, and David Jenkins will almost certainly spend it in a California jail, serving time for trafficking in illegal anabolic steroids, imported from Mexico and distributed in the U.S. by him and 33 co-conspirators.

The multi-million dollar operation, involving hapless Mexican couriers, clandestine hotel meetings, and packages left in trucks, is reckoned by the U.S. government to have accounted for more than 70% of that country's market in steroid-drugs still popular for their muscle-building capacity, in spite of growing evidence of their harmful side effects.

Last week in San Diego, David Jenkins finally pleaded guilty to four out of 36 charges laid against him, and under the terms of a plea agreement reached with State Prosecutor Philip Halpern, the other charges were dropped.

Jenkins now faces a theoretical maximum penalty of 16 years imprisonment, plus fines of up to \$1 million. But the State will ask for the charges to be bracketed together, so that ten years will be the maximum.

He will be sentenced on May 9. In the meantime, he will be expected to cooperate fully with government agents investigating not only this network but another major steroid-smuggling ring recently uncovered in North California.

Jenkins, a graduate of Edinburgh University who settled in California to run a business selling vitamin pills, is now back at his luxury home at Oceanside, just north of San Diego, on \$750,000 bail.

Last week he still looked the glamour-boy, standing tall and long-legged in court in the sort of navy blue blazer that an Olympic team member might wear, a beautiful blonde by his side.

But the trappings of success could not disguise the magnitude of his fall. His hand trembled, clenched and unclenched as he fidgeted opposite the judge, and he revealed that he was taking anti-depressant drugs.

The blonde, who was not his wife, from whom he is separated, but a Scandinavian journalist writing his life story, left his side to be replaced by his burly attorney, Robert Grimes, who shielded him later from questions by the British press.

Under questioning from Judge Lawrence Irving, Jenkins recited one instance, in March 1987, when he had been involved in the sale of a consignment worth between \$200,000 and \$225,000.

"I gave the key to people, and

told them where they could find the truck, and the drugs in it," he said.

Asked by Judge Irving if he knew he was acting unlawfully, Jenkins said, "Yes, your Honour." Was he doing it to make money? "Yes, your Honour. We got between 8.25 and 10 per cent each," he said.

It was earlier this summer that undercover agents blew open the steroid smuggling ring in which Jenkins was involved, witnessing several of the transactions, and tape recording conversations.

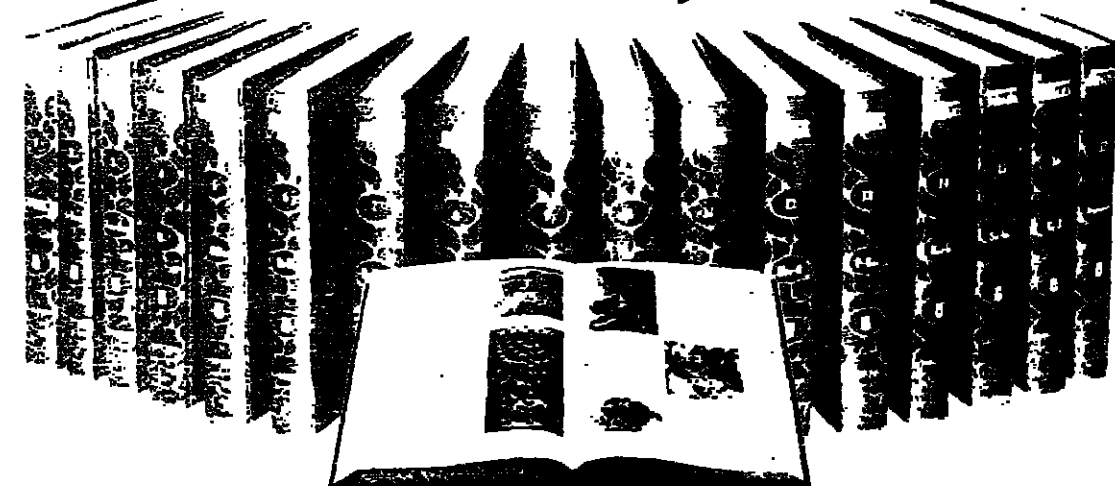
The plot began in 1985 when the U.S. government banned the drug Dianabol. Jenkins, according to the government case, personally contacted Mexican pharmaceuticals manufacturer John Nicklis, who made the drugs; they were then given false labels, purporting to be made by reputable U.S. companies, smuggled across the border, and distributed by Jenkins and others.

Nicklis has never been captured, but all but eight of the 33 other conspirators have now pleaded guilty to most of the charges.

Steroids have long been used, or abused, to help increase body bulk, particularly among weight lifters, but also by American footballers and other athletes. Doctors now believe they contribute to cancer, sterility, birth defects and unnatural aggressiveness, and they are only available in the U.S. on prescription. (Observer Service)

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Cheysson on W. Bank produce dispute

Israel faces crisis with EC

By ALISTAIR LYON
AMMAN (Reuters).— Israel risks a major crisis in relations with the European Community (EC) if it refuses to let Palestinians in the occupied West Bank and Gaza Strip export their farm produce independently, a senior EC official said yesterday.

"They — the Israelis — must accept it," Claude Cheysson told reporters in Amman. "Otherwise it will be a fantastic political crisis." Cheysson, EC commissioner for Mediterranean policy and north-south relations, said the dispute could delay approval by the European Parliament of the next economic protocol between Israel and the community.

"The Israelis know very clearly that if they refuse what we demand, and we will accept nothing short of it, their relations with the community will be on a breaking point," he said.

"So no new protocol, no nothing. They are in a completely illegal situation. If they refuse they go against international law and therefore that would be a breach in our relations."

European diplomats in Tel Aviv said on Monday that EC member states were due to decide in Brussels yesterday whether to submit an agreement cutting tariffs on key Israeli farm exports to the European Parliament for ratification next week.

The EC demands that Israel drop its insistence that all Palestinian farm exports go through Israeli state

marketing monopolies — the Citrus Marketing Board and the Agrexco Marketing Corporation.

Cheysson said the two issues were not directly related, but any political tension over the Palestinian agricultural dispute would make it hard to secure a majority in the European Parliament for the tariff agreement with Israel.

Israel has protested to the Europeans over what it sees as unfair linkage of the two issues.

The Israelis have already agreed that West Bank and Gaza produce should be labelled according to its town of origin and not exported under Israeli brand marks.

Cheysson said the EC demand, for Palestinian farmers to be able to market their goods freely without going through Israeli intermediaries, was in line with arrangements already agreed for industrial exports from the occupied territories.

He said a shipment of textiles had already reached the EC under a contract agreed directly between the Palestinian exporter and the European importer.

"What remains is for us to give the necessary technical, and if necessary financial, assistance to (Palestinian) exporters so that they can build their own (marketing) structures," he said.

Cheysson arrived in Amman on Sunday to discuss EC cooperation with Jordan and to attend seminars on Euro-Arab relations and the future development of Arab oil.

Jordan's occupied territories min-

ister Marwan Doudin declined immediate comment on the EC's drive to give Palestinian exporters more freedom to market their goods in Europe.

But Jordan appears wary of any arrangements which might weaken its own economic and political links with the West Bank and wants any European aid to be channelled through Jordan.

Cheysson said the EC was keen to have more projects for the West Bank co-financed with Jordan or financed through Jordanian channels. He said the EC had only begun direct funding of West Bank projects after a line of credit to Jordan for agricultural exports from the West Bank went unused for five years.

He said direct financing was necessary for projects in Gaza, where conditions were worse than in the West Bank.

"There's the beginning of a fundamentalist wave. The situation there is very serious, particularly among the young, there's a high proportion of unemployed, and a high population density."

If the EC fails to approve the tariff-cutting accord with Israel this month, Israeli exporters of cut flowers will be unable to sell cheaply during the Christmas season.

A European source said one reason for Israel's reluctance to allow Palestinian citrus growers independent access to EC markets was fear that Israeli kibbutzim would also demand the right to bypass Agrexco.



A Soviet model displays a navy blue daytime dress with white pattern and matching scarf on hat at the recent first-ever all-Soviet Union fashion festival held in Moscow. (Reuters)

Big jump in travellers using B-G airport

By JONATHAN KARP

For The Jerusalem Post

TEL AVIV. — More than a quarter

of a million people passed through Ben-Gurion Airport last month, an 18 per cent increase over the volume recorded in November 1986, according to statistics released by the Israel Airports Authority yesterday.

IAA spokesman Menahem Eyal reported that 250,611 passengers used Israel's main international airport in November, compared to 212,150 passengers in November 1986. Aircraft traffic increased by nearly 5 per cent over November 1986, he added, with 1,741 take-offs and landings versus 1,659 a year ago.

The monthly figures bolstered what has thus far been an active year at Ben-Gurion, which accommodated 3,384,285 passengers from January through November. Eyal noted that volume jumped by more than

20 per cent over the first 11 months of 1986. Similarly, take-offs and landings rose by just over 10 per cent.

A greater number of Israelis travelling abroad helped boost the traffic at Ben-Gurion, Eyal said. He also noted that the higher jump in passengers relative to the increase in aircraft activity reflected the fact that airlines operated more wide-body planes to Israel.

But the significant increase in volume has had certain drawbacks, Eyal said. "The present infrastructure is not geared to such a quantity, and we had problems with long lines."

To ease the congestion and prevent any further flight delays due to jams in the check-in procedure, the IAA is presently expanding the terminal by 9,000 square metres, he added. The construction is due to be completed in December 1988.

Yaacobi, Lautman hit proposed budget plan

By AVI TEMKIN

Post Economic Reporter
The Treasury's economic policies were strongly rapped yesterday not by members of the opposition, but from within the government itself.

Economics Minister Gad Yaacobi delivered a sharp attack on the proposed state budget for 1988, and the Industry Ministry fully supported industrialists' criticism of the economic policies outlined by the Treasury for next year.

A sharp attack on the Treasury and the Bank of Israel was voiced yesterday by Dov Lautman, President of the Manufacturers' Association. At the meeting of the Knesset Finance Committee, Lautman said the central bank and the finance ministry were leading industry and exports to a dead end.

Lautman again demanded dropping the linkage of the shekel to the currency basket, and to link it to the dollar, at a rate of exchange of NIS1.64. This would mean a devaluation of about 5 per cent.

Lautman demanded better incentives for exporters to the dollar bloc, a refund of part of the payments of exporters to the National Insurance Institute and an enlargement of research and development grants.

Economic policy for 1988 is based on a wrong analysis of what happened in 1987, Lautman said. Such policy will lead to stagnation and to a widening of the gap between imports and exports.

He stressed that the Bank of Israel was ignoring the acute crisis of the industries exporting to the dollar bloc. Their profitability during 1987 was nil, Lautman denied that this had been caused by a rise in wages,

as asserted by the central bank. He quoted figures which, he claimed, showed wages in industry rose by 10 per cent less than the national average since 1985.

Lautman's remarks against the Treasury were fully supported by the industry ministry director-general, Yoram Belisovsky. He said he was alarmed by the prospects of industry in Israel. Industrial output rose by 7 per cent in first seven months of 1987, industrial employment rose by 3 per cent, and productivity also rose. But he said the increase had been concentrated in the "traditional" industries, producing for the local market.

The director-general said Industry Minister Ariel Sharon had proposed a number of measures to remedy the situation, but all of them were rejected by the ministry of finance.

In a related development, Economic Minister Yaacobi accused Finance Minister Moshe Nissim of presenting an over-optimistic picture of the economy to the cabinet. Yaacobi told reporters he was very concerned about a \$300 million rise in the trade deficit, and by the lack of measures to encourage the development of the Negev and the Galilee.

"Some 10,000 persons left those areas in the last year, and something must be done about it," he said.

Yaacobi expressed opposition to several of the cuts proposed by Nissim, such as the introduction of progressive tuition in high schools and fees for hospitalization. He called for a change of priorities in the budget that would encourage growth and exports.

Businessmen sceptical on Japanese trade stance

By ROBERT TRAUTMAN

WASHINGTON (Reuters).— U.S. officials and private businessmen say they are sceptical about Japan's trade policies, despite assurances by its new prime minister to shift emphasis from exports to imports.

"I think that for a lot of people, it's a wait-and-see situation," said a White House official.

"We're glad to hear it, but we want to see what happens," said a National Association of Manufacturers economist.

Japan's new prime minister, Noboru Takeshita, pledged on Friday to open further his country's markets to foreign goods.

Takeshita, in his first major policy address since taking office early this month, said Japan benefited greatly

from free world trade and now it must end domestic market barriers as way to reduce its large foreign trade surpluses.

The U.S., which has long pressed the Tokyo government to end its market barriers, is expected to have about a 60-billion-dollar trade deficit with Japan this year.

Japan has been gradually opening its markets up to more imports.

It reported on Monday that its trade surplus for the first 20 days of November was down significantly from year earlier levels, declining to 2.09 billion dollars from 3.9 billion dollars last year. Economists said the drop was due to the falling value of the dollar and expanding imports.

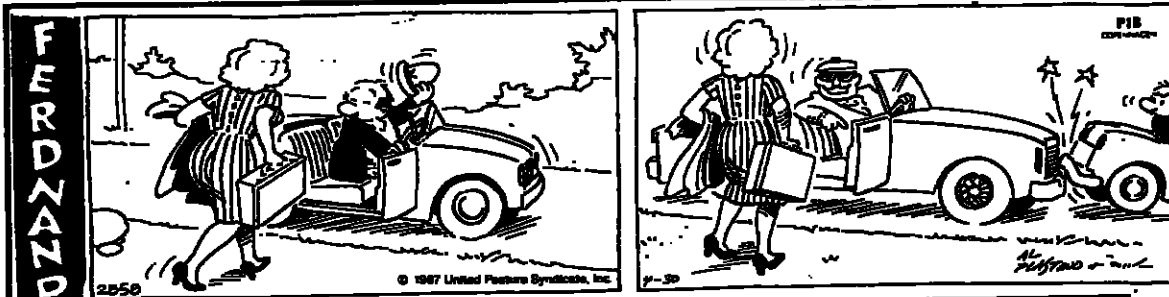
In recent months, several major Japanese firms, including Toshiba,

Honda and Matsushita have said they would import more finished products from their factories in the United States.

U.S. trade officials as well as business groups said they remained ready to level unfair trade practices on Japan and its firms if Japan fails to remove trade barriers and if the firms dumped their goods on the U.S. market at under costs.

A complaint to protest the closed Japanese construction market is being weighed by the Administration.

In addition, several firms are considering complaints against Japanese companies for trying to maintain their U.S. markets by dumping goods on the U.S. market rather than covering costs by raising prices to reflect the rising yen.



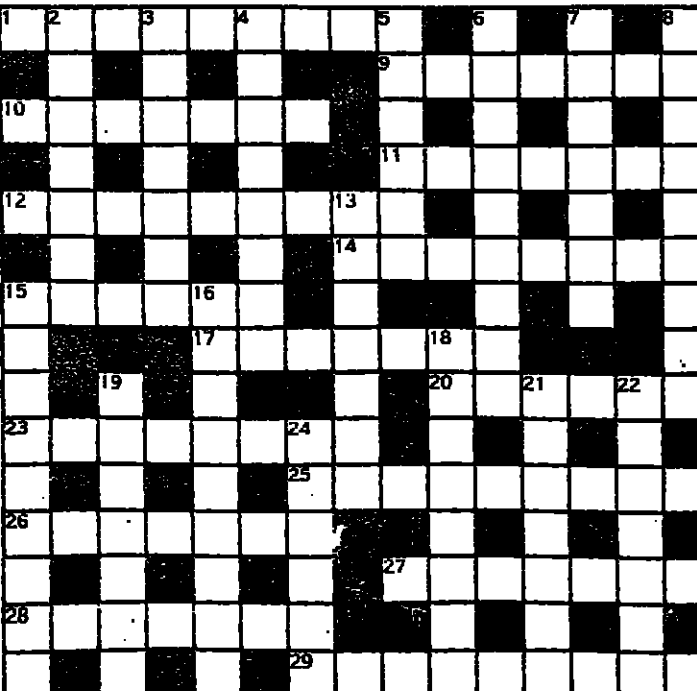
CROSSWORD

ACROSS

- 1 What Oberon had to pay for Titania's wedding-ring? (5,4)
- 9 Wearing process that in retrospect makes no-one resentful (7)
- 10 A singer required to play the bagpipes (7)
- 11 That is set I'm making into separate parts of a list? (7)
- 12 The art of writing about wine, and what it may improve with (9)
- 14 On paper she has a very responsible position (8)
- 15 The first cabin girl? (6)
- 17 Not much spoken about, as planetary movements are (7)
- 20 Unlike a juicy pear that's ready to drop off? (6)

DOWN

- 23 What the theatre critic will expect to get as a perk (4,4)
- 25 Does it show the pressure of work at the Met Office? (9)
- 26 The state of South West Africa today (7)
- 27 The rugby team from 10 and 5 (7)
- 28 US soldier going into a London gallery to cause a stir (7)
- 29 Crooked bunch of hedonists? (9)
- 2 A church woman I bring in to carry out a mission (7)
- 3 Clearly sound touring arrangement (4,3)
- 4 Big fight for the championship of Europe (5,3)



5 Not allowed? Indeed it could be (6)

- 6 Front stand and bar (9)
- 7 Is invited to define what the caller did (7)
- 8 Batting nervously, but with a good deal of concentration (9)
- 13 Gets in a new broom, naturally (7)
- 15 A waterway shared between Canada and Greenland (6,3)
- 16 Suitable residence for one who wants to be near a bank (9)
- 18 Surprisingly active? (8)
- 19 A dimmer version of London theatre (7)
- 21 The first offender to get into the Navy football team (7)
- 22 A skilled hand at making feminine rhymes? (7)
- 24 An arts graduate Edward calmed down (6)

Yesterday's Solutions

ACROSS
1 Eaten, 4 Collage, 8 Elector, 9 Adage, 10 Alter, 11 Lottery, 13 Area, 15 Decile, 17 Terror, 20 Nest, 22 Rotunda, 24 Exact, 26 Brawl, 27 Tension, 28 Sterner, 29 Lance.
DOWN
1 Emerald, 2 Theft, 3 Natural, 4 Circle, 5 Least, 6 Amateur, 7 Enemy, 12 Oats, 14 Rend, 16 Cottage, 18 Eternal, 19 Retinue, 21 Easter, 22 Robes, 23 Nylon, 25 Alien.

QUICK SOLUTION

ACROSS
1 Light poetry (5)
4 Refinement (6)
9 Unyielding (7)
10 Ascent (5)
11 Welsh emblem (4)
12 Durable (7)
13 Unwell (3)
14 Stagger (4)
16 Above (4)
18 Study (3)
20 Attitude (7)
21 Competent (4)
24 Giraffe-like animal (5)
26 Listless (7)
28 Farther away (6)
29 Avarice (5)

DOWN

- 1 Crib (6)
- 2 Hold forth (5)
- 3 Visual diagnosis (1-3)
- 5 Special event (8)
- 6 Fancy (7)
- 7 Fealty (6)
- 8 Calm (5)
- 12 False conception (8)
- 15 Rapture (7)
- 17 Self-possession (6)
- 18 Stringed instrument (5)
- 19 United closely (6)
- 22 Beast (5)
- 23 Cozy (4)

GENERAL ASSISTANCE

EMERGENCY PHARMACIES

Jerusalem: Asher, Kiryat Yovel commercial centre, 415841; Belsam, Saleh Edin, 722315; Shu'afat, Shu'afat Road, 810108; Dar Aldawa, Herod's Gate, 282058.
Tel Aviv: Dizengoff, 132 Dizengoff, 223390; Alarmon-Kupat Holim Ma'acbi, 110 Yehuda Halevi, 233010.
Ra'anana-Kfar Sava: Kupat Holim Hod Hasharon, Hershut, Hod Hasharon.
Netanya: Pans, 76 Pans Tikva, 340867.
Kiryat area: Kupat Holim Harman, Simat Modi'in, 715138.
Haifa: Pevsner, 27 Pevsner, 664073.

DUTY HOSPITALS

Jerusalem: Bikur Holim (pediatric), Hadesah Ein Kerem (internal, obstetrics, ophthalmology, E.N.T.), Hadassah Scopus surgery, orthopedics.
Tel Aviv: Rokah (pediatrics, internal, surgery).
Netanya: Laniado

FIRE 102

In emergencies dial 102. Otherwise, dial number of your local station as given in the front of the phone directory.

FLIGHTS

24 — Hours Flight Information Services. Call 03-5712434 (multi-line), Arrivals Only (Taped Message) 03-581111 (20 lines)

FIRST AID 101

Shimon David Adon
In emergencies dial 101 in most parts of the country. In addition:

Ashdod 51332 Jerusalem *523133
Ashkelon 23333 Kiron 344442
Bat Yam *551111 Kiryat Shmona *9633
Beersheba 74757 Nahariya *523333
Carmiel *985655 Netanya *23333
Dan Region *781111 Petah Tikva *523111
Eller 72333 Rehovot *451333
Hadera *22333 Rishon LeZion *4233
Haifa *512233 Safed 530333
Hatzor 536333 Tel Aviv *546011
Holon *03133 Tiberias *790111

* Mobile Intensive Care Unit (MICU) service in the area, around the clock.
Eilat — Emotional First Aid, Tel. Jerusalem 227171, Tel Aviv 5461111 (children/youth 03-261113), Haifa 672222, Beersheba 418111.
Nahariya 33316
Rages Crisis Centre (24 hours), for help call Tel Aviv, 234818, Jerusalem — 245554, and Haifa 660111.

The National Police Control Centre at Rambam Hospital, phone (04) 529205, for emergency calls, 24 hours a day, for information in case of poisoning.
Knesset Holim Information Centre Tel. 03-433300, 433500 Sunday-Thursday, 8 a.m. to 8 p.m. Friday 8 a.m. to 3 p.m.

POLICE 100

Dial 100 in most parts of the country. In Tiberias dial 924444, Kiryat Shmona 4444.

AN OUTBREAK of encephalitis, a brain disease caused by a mosquito-borne virus, has killed 65 people in Sri Lanka this month, a government doctor said in Colombo.
Dr. Joe Fernando, health services director-general, said the 65 were among the 225 cases attacked by the virus.

Air Berlin plans TA-W. Berlin flights

By JONATHAN KARP

For The Jerusalem Post

TEL AVIV. — Another European

destination — is soon to be added to the located in an Eastern European enclave — is soon to be added to the growing list of cities served by direct flights from Israel.

Air Berlin, an American-regis-

tered airline, is to inaugurate non-stop flights between Tel Aviv and West Berlin on December 22. Oni Amiel, of Amiel Tours, said last week.

Only a few airlines serve West Berlin, and non-stop service from Tel Aviv will eliminate having to change planes in either Frankfurt or Munich.

A NEW CONCEPT AT THE FIRST INTERNATIONAL BANK "FORWARD" today

You fix TODAY the SHEKEL-DOLLAR rate of a transaction you will complete at a future date. FIRST INTERNATIONAL BANK now offers you maximum flexibility in your forward dollar transactions.

The Forward dollar if you wish to buy or sell dollars at a future date or to safeguard the dollar value of your investments, you can now ascertain the exchange rate at which your transaction will be effected. In other words,

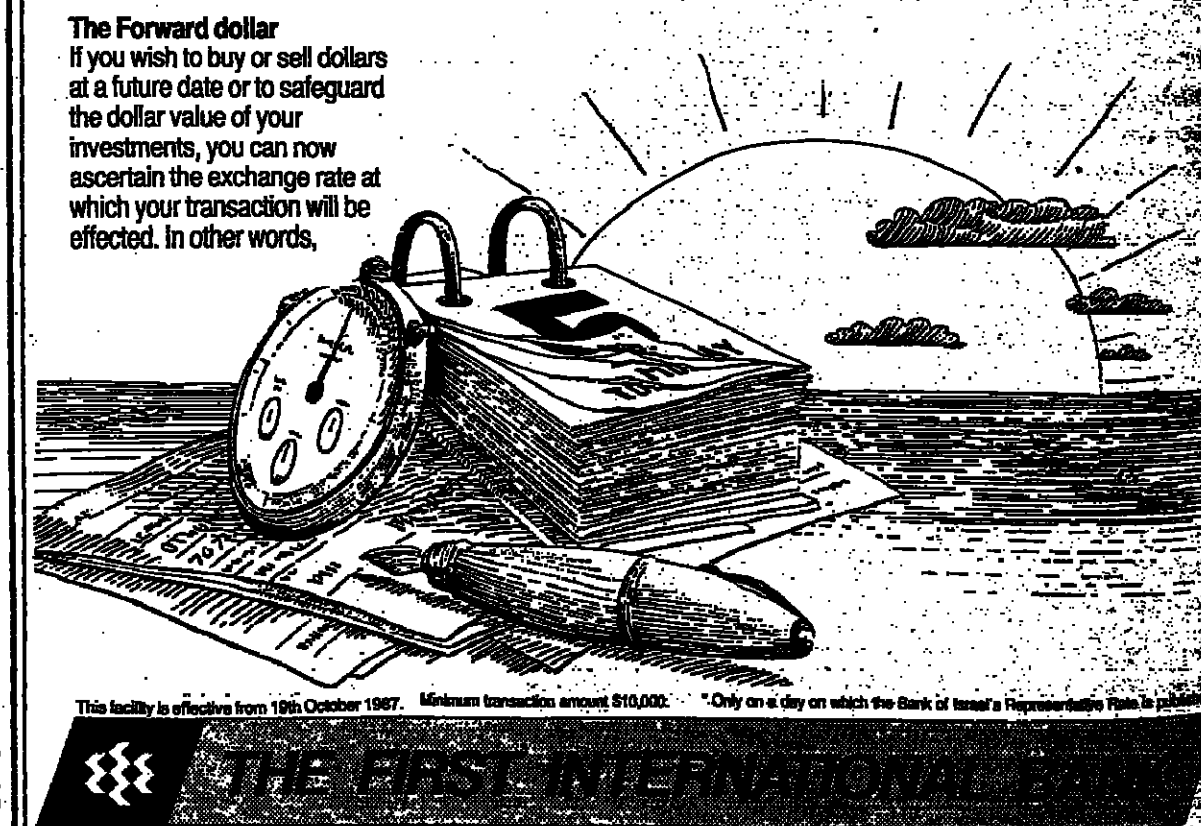
on any day you decide to make a forward purchase of sale of dollars, FIRST INTERNATIONAL BANK will provide you on the spot with the relevant data concerning the exchange rate at which the transaction will be effected.

The forward transaction can be made immediately. There is no need for any prior registration and you are free from any uncertainties. You can enter into a forward transaction any day * right on the spot.

You can choose any future date you like. You can fix any day to suit your convenience from 2 to 6 months ahead on which the purchase or sale of dollars is to be carried out and the Bank will carry out the transaction on the date chosen by you.

I'M TRANSFERRING MORE BUSINESS TO FIRST INTERNATIONAL BANK

The execution of forward transactions is in the Bank's discretion and is subject to the provision of collateral. The Bank may terminate this facility at any time.



This facility is effective from 16th October 1987. Minimum transaction amount \$10,000. * Only on a day on which the Bank of Israel's Representative Office is open.

Temir Cohen (Jerusalem)

Dubek workers protest in bid to block feared Mosevics takeover

By KEN SCHACHTER
For The Jerusalem Post
TEL AVIV. — Dubek workers staged a two-hour demonstration in Ramat Gan's Elite Square yesterday to protest last week's acquisition by Elite Chairman David Mosevics of a key bloc of Dubek stock.

The 49 workers chanted and carried posters, including one that said: "We don't need a second-hand manager."

Mosevics, his father Mark, and a Bahamas-registered company, Louie D'Oro Investments Ltd., bought 17.5 per cent of Dubek Ltd. stock, including 12 per cent of the voting rights. Dubek's works committee, representing 850 employees, fears that the Mosevics group will use the stock to seize control of the company through an alliance with a dissenting stockholder group led by lawyer Samuel Tuchmintz.

The Tuchmintz faction, holding about 35 per cent of the voting shares, is seeking to oust Dubek General Manager Zorach Geli. The Geli faction, meanwhile, is backed by about 35 per cent of the voting stock and the works committee.

David Shasha, chairman of the workers committee, yesterday charged that the Mosevics group planned to buy additional stock and

seek to take control of the board. But Jack Elad, who negotiated the Mosevics' stock purchase from Leumi Pia, the mutual fund management division of Bank Leumi, dismissed Shasha's contention as "pure speculation."

Although the Mosevics group has declined to ally itself publicly with either of the factions, it has declared that it will take an active role in Dubek's management. The company's general meeting is scheduled for January 3 and reports have it that Elad could be designated a representative of the Mosevics group on the Dubek board. Elad maintained all such scenarios are premature.

Shasha said the Mosevics' bid for the \$4.5 million bloc of stock usurped negotiations between Leumi Pia and the workers.

"One of chief reasons for the anger of Dubek workers is that the [Mosevics] knew that workers' representatives in the negotiating with Leumi Pia to acquire shares and one day before the deal was to be finalized, he put in his bid and got the shares instead," Shasha said. "As an industrialist, he should have respected the workers."

Shasha also said the workers would be willing to give the Mose-

vics group the same price they paid for the Dubek shares and issued a thinly veiled warning:

"The workers won't allow him [Mosevics] to succeed," Shasha said. "The workers say he's putting his money on the horns of a reindeer [risking his investment]...If he wants to show how successful he is as an industrialist, let him do so at Elite."

To win the support of workers, Shasha said, any new leadership must:

- Build a \$40m. factory in Kiryat Aryeh;
- Improve the conditions and salaries of workers;
- Provide channels for internal promotion of workers into management;
- Pledge not to build the new factory beyond the Green Line.

"The workers want to state that these four conditions apply not only to Mosevics, but to anybody who wants to invest," Shasha said. "The workers will not budge from them."

Shasha voiced the fear that new management would scrap plans for the Qiryat Aryeh plant and seek to trim expenses by choosing an alternative site on the West Bank. The current plant is in Bnei Brak.

Boost from U.S. aid

Reserves at record

By AVI TEMKIN
Post Economic Reporter
Israel's foreign currency reserves reached \$5.32 billion, their highest level ever, at the end of November and an increase of \$907 million from the previous month, the Bank of Israel announced yesterday.

While the reserves reached record heights, the public was engaged in a spending spree, tax figures released yesterday by the Treasury also showed.

The large increase in the reserves figures was due to \$1.2b. of American civilian aid transferred to Israel for the year ending in October 1988. Part of that sum, some \$300m., was used by the government to repay debts ahead of schedule.

Tax figures released yesterday by the Finance Ministry showed that last month the government revenue from customs and import taxes totalled NIS 320 million in November, a rise of 13 per cent from a year ago and a reflection of the recent high level of imports. The Treasury said most of the increase in customs revenue was due to a rise in the purchases of private cars and video cassette recorders, as well as other consumer durables.

There was also an increase in the revenue from purchase taxes and excise, including taxes on fuel. The

Treasury said that last month some 37,000 Israelis travelled abroad, an increase of 10 per cent from the November 1986.

The tax figures also showed economic activity continued expanding rapidly during the last month. Revenue from value-added tax totalled NIS 439m. bringing the total revenue from April to NIS 3.2b., an increase of 7.5 per cent from the same period last year. Income tax revenue totalled NIS 845m., some 2.6 per cent more than in November 1986, when income tax rates were higher.

The government's total revenue figure for last month was almost NIS 1.8b., more than 6 per cent ahead of November 1986 levels.

In spite of the surge in tax income, the government registered a deficit last month. Spending, excluding interest payments, was larger than revenue by NIS 94m., the Treasury said.

The ministry also announced that it had absorbed some NIS 563m. from the public in the capital market. Money that came from investors who cashed bank shares in the arrangement in October was deposited to a large extent in savings schemes. In addition there was an absorption of NIS 353m. from the sale of Treasury bills, mostly to the commercial banks.

*Netivei Ayalon halts work

By JONATHAN KARP
For The Jerusalem Post
TEL AVIV. — With its corporate till nearly as dry as the river for which the company is named, Nitivei Ayalon Ltd., yesterday ordered a halt to almost all of its projects, which are considered vital to improving the flow of traffic through this city.

Work continued as usual yesterday on only two of the company's projects: the Halacha Bridge, at the northernmost exit from the highway, and the new railway station, Nitivei Ayalon Managing Director Dan Holtzman said.

Construction work on five other bridges and the extension of the highway north of the Halacha Bridge, however, came to a standstill as Nitivei Ayalon neared the end of its NIS 18 million budget for this fiscal year.

Holtzman said that its funds were exhausted because the company decided to accelerate work on certain projects after the Finance Ministry limited it would add NIS 6m. to Nitivei Ayalon's budget during the year. The money never arrived, he said.

"I have asked for a meeting with the finance minister, and I think it will take place in the coming week," Holtzman said. "I am hoping to get at least half of the NIS 6m."

The Tel Aviv municipality, which owns a 25 per cent share in Nitivei Ayalon, has already pledged to allocate more funds to the company. "Mayor [Shlomo] Lahat has decided to advance some of next year's budget for Nitivei Ayalon, and of course we will uphold our 25 per cent supplement to what the government gives," municipal spokesman Benny Cohen said.

Officials said that it was in the government's interest to help the company resume work as fast as possible. "Everyone knows how bad the traffic is in Tel Aviv, and Nitivei Ayalon is one of the main answers to the situation."

The government has already spent nearly NIS 200m. on the Ayalon highway and will need to allocate about NIS 25m. more to complete the road network.

In the meantime, Solel Boneh and other large contractors have shut down their equipment and sent their employees home. Holtzman said, however, that Nitivei Ayalon's contracts exempted the company from having to compensate the builders for any work stoppage. "The contracts are favourable for us," he said, "but it's not as if we've cancelled the projects. We have just stopped work for four months. I am sure that we will have a new budget on April 1, 1988."

Holtzman said he had requested a budget of NIS 25m. for the coming year. With a projected NIS 5m. in income from the company's 52 parking lots in the Tel Aviv area, total operating funds would reach NIS 30m., he said.

After threat of closure

Pri Ze employees vow to occupy factory

HADERA (Itim). — Some 200 workers at Pri Ze Ltd. voted at an emergency meeting yesterday to occupy the company's factory here, in a bid to get the plant re-opened after management's efforts to sell it failed.

Works Committee head Yossi Be'eri blamed the receiver of the bankrupt concern, attorney Lippa Meir, for not buying the company's 30-ton fruit quota in the current season for processing. "This situation has left the workers without work," Be'eri said.

He said that if they couldn't get the company re-opened, the works committee intended to get better compensation than the "humiliating" terms now offered. One employee, Mina Biron, said she was offered just NIS 14,000 in severance pay after 36 years with Pri Ze.

Yesterday's decision to occupy the plant was apparently prompted by the last-minute decision of a potential buyer not to acquire the company.

After it went bankrupt a year ago, Meir turned control of the food processing concern to Tabori Soft

Drinks Ltd. for a 12-month period. When the year was up, however, Tabori decided to sever its connection with Pri Ze. Attempts to sell the factory to other prospective buyers, or to lease it, as of yesterday have been unsuccessful.

Yossi Suleiman, secretary of the Mapam Works Committee, noted at yesterday's meeting that Meir was also the receiver of the now defunct Ata Textile Ltd. "We won't let the same fate befall the Pri-Ze workers," he said.

Responding to workers' charges, Meir indicated that the company's inability to get its fruit quota was not his fault. He said a national agreement between growers and processors had guaranteed Pri Ze, together with the buyer who backed out of acquiring the company, a full quota. But now that the potential buyer had decided against acquiring Pri Ze, some of the parties to the accord were now trying to repudiate it.

He indicated that with the backing of the Industry and Trade Ministry he would fight to get back Pri Ze's quota.

Farm output grows 7%

Agricultural output rose 7 per cent in the 12 months ended September 30, the Central Bureau of Statistics reported yesterday, a turnaround from the previous year when farm production had fallen 1 per cent.

The net product of the agriculture sector, after subtracting agricultural inputs, rose by 18 per cent during the last agricultural year.

The bureau attributed the rise in agricultural production mainly to a 100 per cent increase in the output of avocado, a 72 per cent rise in yield of wheat, a 14 per cent increase in citrus and a 7 per cent rise in livestock products.

The figures also showed there had

been a 14 per cent drop in cotton yield and a 7 per cent drop in vegetables. There was no change in the quantities of flowers produced.

The bureau remarked that in the 12 months to September 30, the price of agricultural products and inputs lagged behind the increase in the Consumer Price Index by 8 to 9 per cent.

A spokesman for the bureau added that livestock output, which rose by 7 per cent, now accounted for 40 per cent of the overall agricultural output. Poultry production rose 10 per cent and totalled 10 per cent of agricultural output. Cattle production rose 4 per cent.

Dollar, Dow stage recovery

NEW YORK (Reuters). — The dollar bounced back from record lows on Tuesday, giving a boost to Wall Street stocks, which have been weighed down for three days by inflation worries.

The U.S. currency rose after coordinated central bank intervention overseas prompted heavy dollar-buying by speculators, dealers said. The dollar was trading at 1.653 Deutschmarks, against Monday's close at 1.6392, and at 133.30 yen, up from 132.27.

The dollar's gains lifted Wall Street stocks, as did bargain-hunt-

ing. The Dow Jones Industrial Average ended the day up 8.79 points at 1877.98, rallying from its sharp decline on Monday.

But many financial analysts remain sceptical about the near-term Wall Street outlook. The basic problem, they say, is confusion among investors over the huge U.S. trade deficit, rising interest rates, inflation, the dollar and effects of the October stock crash.

Overseas stock markets were relatively unimpressed by the dollar's rapid 2.5-penny rebound to an early high of 1.657 marks.

Business group seeks municipal rate reform

By KEN SCHACHTER
For The Jerusalem Post
TEL AVIV. — Municipal taxes for water, utilities and other services should be assessed as a percentage of the average rent in the neighbourhoods, the Association of Self-Employed Businessmen proposed yesterday.

Currently, businesses are at the mercy of municipalities that can set rates with little relation to the value of the property or the cost of services. Eldad Bupspan, president of the organization, told a Beit Sokolov press conference.

Many of the organization's 50,000 members have fallen victim to seeming incongruities, Bupspan said. For example, offices in Jerusalem were assessed at NIS 36.5 per square metre in 1986, while in Beersheba, the rate was NIS 45.9 and in Petah Tikva at NIS 69.4. For the same year, stores in Tel Aviv were assessed at NIS 40.4 per square metre, while those in Petah Tikva had a rate of NIS 62.5.

Further complicating matters, he said, some municipalities tally the rate based on gross square metreage, while others use the net figure.

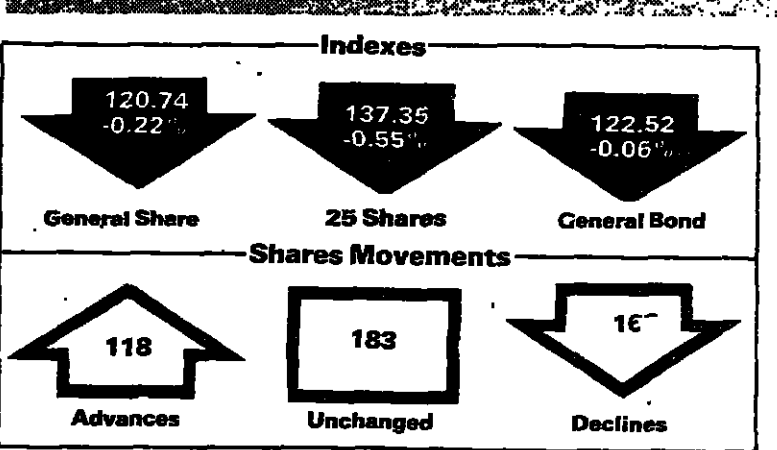
The crux of the reform plan would be to set a nationwide system of assessment.

The association, which links some 30 professional and business organizations, already has contacted the Ministry of the Interior and the appropriate Knesset committees in an effort to promote the plan.

Initially, Bupspan said, the group would like to freeze the current system in place while reforms are formulated.

Similar programmes already are in place in the U.S. and France, he said.

Tel Aviv Stock Exchange



Selected Prices			
Name	Price	Volume	% change
Commercial Banks			
(part of arrangement)			
Bank Leumi	24000	1271	-1.2
Bank Hapoalim	15300	1271	-0.8
Bank Mizrahi	15400	1271	-0.7
Bank Haherut	8070	1625	-
Commercial Banks			
(part of arrangement)			
Bank Leumi	101050	255	+0.3
Bank Hapoalim	74895	156	-
Bank Mizrahi	127950	916	-0.6
Bank Haherut	41320	617	-0.4
Bank Leumi	82550	1471	-0.4
Bank Hapoalim	174400	97	-0.1
Bank Mizrahi	43440	1277	-0.2
Bank Haherut	58200	6	+0.3
Mortgage Banks & Finance			
Bank Leumi	2290	645	-
Bank Hapoalim	3680	802	-
Bank Mizrahi	23150	80	-0.8
Bank Haherut	8270	128	-
Bank Leumi	12500	50	-
Bank Hapoalim	24000	36	-
Insurance			
Amrat 0.5	1274	1388	-1.0
Phoenix 0.1	780	200	+1.0
Hemlester 1.0	8810	67	+1.0
Monorah 1.0	2160	35	-10.0
Sehar 1.0	384	200	+2.3
Securitas	1070	680	-
Zion Hold. 1	5050	-	-
Trade & Services			
Integrations 1.0	740	823	+1.4
Meir Ezer	735	3686	-
Crystal	770	1887	-
Supernat 1.0	11525	263	-
Lightage 0.1	753	1000	-1.0
Gold Storage 1.0	912	700	+1.2
Dan Hotel 1.0	1850	505	-3.0
Coral Beach	6282	20	-1.6
Yarden Hotel	3080	345	-3.4
Hilton 1.0	245	14894	-3.2
M.L.L. 1.0	15700	6	-1.4
Teem 1.0	705	5500	-
Real Estate, Building and Agriculture			
Al-Rov	316	1645	+5.0
Africa Int. 0.1	45000	27	-
Adrian	2100	158	+2.5
Damir	9500	58	+1.9
Y.E.C.	318	19453	-
Geyside 0.1	4300	421	-
Levi	10840	326	-
Azorim Prop.	320	2210	+0.9
Mohadim	6358	585	+0.1
Hedolim Prop.	1670	750	-
Industrials			
Dubek	3810	210	+1.0
Tempo 1.0	32670	41	-1.0
Abbreviations:			
a.s. = shares only; b. = bonds; r. = registered; n.s. = no trading			

Statistics

Stock Indices	
General Share Index	123.48 -0.26
Non-armed	171.70 -0.20
Arrangement Banks	118.48 -0.21
Mortgage Banks	141.02 -0.45
Financial Inst.	126.48 -0.27
Insurance	83.24 -1.32
Commerce & Services	128.82 -0.63
Real Estate & Agric.	114.41 -0.30
Industrials	118.20 -0.49
Food & Tobacco	102.73 -0.30
Textiles	102.06 -0.36
Metals	109.40 -1.41
Electronics	88.02 -0.08
Chemicals	130.63 -0.95
Industrial Invest.	158.71 -0.65
Investment Cos.	138.64 -0.68
Oil Exploration	80.71 -0.52
Parallel List	88.05 -1.46
Bond Indices	
Index-linked Bonds	122.89 -0.10
Fully linked	124.20 -0.22
Partially linked	122.22 -0.19
Foreign Currency	118.51 -0.40
FC denominated	114.10 -0.74
FC linked	120.77 -0.25
Short-term 0-2 yrs	121.36 -0.03
Short-medium 2-5 yrs	121.36 -0.03
Medium-long 5-7 yrs	124.82 -0.18
Long-term 7+ yrs	126.52 -0.17
Turnovers	
Total Shares	NIS 15,110.2
Non-arrangement	NIS 11,171.1
Arrangement	NIS 3,939.1
Bonds	NIS 12,510.8
Treasury Bills	NIS 48,531.1
Share Movements	
Advances	118 (27)
Declines	13 (2)
Unchanged	1 (1)
of which 5%+ buyers only	162 (296)
of which 5%+ sellers only	26 (44)
Trading Halt	15 (48)
Bond Market Trends	
Index-linked:	Stable/flat to 1%
4.25% fully linked:	Stable/flat to 2%
80% linked:	Rises to 1.5%
Double linked:	Stable/flat to 2%
Rimon:	Rises to 0.5%
Rises to 0.5%:	Rises to 1.5%
FC denominated:	Minus to 1%
T-bills:	15.55-19.00%
Arrangement Yields	
IDB ord.	13.25%
Amr 0.1	13.56%
Discount A	14.22%
Mirahit R.	14.04%
Hapoalim R.	13.76%
General A.	13.54%
Leumi Stock	13.74%
Fin. Trade 1	12.52%
25 Shares	
Morning	
Name	Price NIS % change
Free Internet	1401 1220 -2.25
Hassanah	247 48000 -0.75
Clal Trading	432 58000 -1.00
Supernat B	9721 1850 -2.50
Clal 1	2383 10360 -1.75
Africa-Int. 1.0	39812 500 -2.50
Acorn	2843 2000 -2.25
Prod. & Bldg.	69312 320 -2.00
ILDC	710 29700 -0.25
Clal R Estate	3.00 14208 50 -2.10
Poligot B	796 11550 -2.50
Is. Can Co. 0.1	4121 1870 -2.00
Levi	1350 207005 -1.50
Teva	10045 1680 -2.00
Dead Sea	2591 10260 -1.75
Petroleum	627 22000 -0.25
APM	31721 780 -1.00
Central Trade	14572 780 -1.00
Clal Industries	229 21170 n.c.
IDB Develop.	7817 720 -1.00
Elron	82 1950 -0.75
Israel Corp.	3945 8000 -1.00
Discount Invest	2097 8880 -1.00
Clal 1.0	1253 25200 -0.75
Afternoon	
Name	Price NIS % change
Free Internet	1401 1220 -2.25
Hassanah	250 14771 -1.20
Clal Trading	432 58000 n.c.
Supernat B	9721 1850 n.c.
Clal 1	2381 1403 -0.80
Africa-Int. 1.0	39812 42 n.c.
Acorn	2843 2000 n.c.
Prod. & Bldg.	69312 320 n.c.
ILDC	710 2616 n.c.
Clal R Estate	3.00 14208 50 n.c.
Poligot B	820 1722 -3.00
Is. Can Co. 0.1	4121 626 n.c.
Levi	1350 207005 n.c.
Teva	10045 580 n.c.
Dead Sea	2591 10260 n.c.
Petroleum	627 22000 n.c.
APM	31721 780 n.c.
Central Trade	229 21170 n.c.
Clal Industries	7817 720 n.c.
IDB Develop.	82 1950 n.c.
Israel Corp.	3945 8000 n.c.
Discount Invest	2097 8880 n.c.
Clal 1.0	1253 25200 n.c.

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Means are not the end

THE STRIKING message behind the draft budget presented by Finance Minister Nissim to the Cabinet on Monday is that no striking departure from the course pursued during the present fiscal year is planned for the next.

True, if the Treasury has its way the new NIS 49 billion budget will come to NIS 755 million less than the last. This newest exercise in belt-tightening should result mainly from cuts in subsidies and established benefits. Some of the proposed cuts may well be taken in stride, if the simultaneous and continued treatment of certain politically untouchable "sacred cows" — such as yeshivot, capital gains and the privileges of Judea and Samaria settlers — are accepted as inevitable. But some of them cannot be taken so easily.

Thus the Treasury's evident penchant for playing fast-and-loose with children's allowances, contrary to the undertaking given when the Ben-Shahar tax reforms were enacted, will confirm cynics in their belief that the government's word can never be trusted. It surely makes little sense to piously exhort young Israeli couples not to desert their homeland, and at the same time to refuse to pay them allowances for their first born unless they have already produced three children, and happen to be in the very lowest income brackets.

Similarly, only those who kidded themselves during the Likud's early, buoyant years in power that the economy could easily afford the complete abolition of high-school tuition fees, need to be surprised by the suggestion that the old graduated-fee method now be restored. But this reactionary, if arguably ineluctable, step should at least be proposed in the context of a restoration of some of the brutally destructive cuts already effected in the country's educational system.

The new law abolishing fees in kindergartens for children aged 3 to 4 is a measure that has been crying for its enactment for decades, and its long postponement is not the least important among the causes for the still yawning gap in scholastic achievement between Ashkenazi and Sephardi Jews. To merely propose that its implementation be further delayed is nothing less than obscene. Even if it is meant only as a bargaining chip in the attempt to secure cabinet consent for reintroduction of fees in high schools.

Although the budget cuts for which the Treasury is plumping are rather modest compared to those favoured by the central bank, it is doubtful whether the finance minister truly expects to get them all approved by fellow ministers and endorsed by the Histadrut.

Mr. Nissim, it seems, will be happy to wind up with a close-to-balanced budget in order to maintain the gains of stabilization in an election year — and, in due course, help the government bring interest rates down and thus pave the way for renewed growth.

The trouble is that the same cheerful expectations were floated by Mr. Nissim before, only to come crashing down to the hard ground of reality. Interest rates have not come down.

Plainly, fiscal measures alone, unsupported by monetary policy, will not trigger growth. Stabilization is an essential precondition for a bold new takeoff, but it is hardly sufficient. Mistaking the means for the end can lead the country off course.

A fresh new breeze

THE new initiatives by the World Sephardi Federation — meeting in Jerusalem this week — are a welcome development. They call into question some old and new stereotypes.

It was once said that wealthy Sephardim tend not to support general communal philanthropies, and prefer the traditional more personalized form of *tzedaka*. It was also claimed that wealthy Sephardim in the Diaspora did little to extend material help to their disadvantaged brethren in Israel.

While such stereotypes may have had some basis in the past, they are certainly not reflected in the WSF initiative.

First, the more than 200 Sephardi donors recruited over the past several months to the new WSF Board of Governors are supporters of the general campaigns for Israel in their communities. Their financial support of the WSF's future programmes in Israel and the Diaspora is not supposed to come at the expense of their support for Keren Hayesod and UJA.

Second, their willingness to support an expanded range of programmes through the WSF for social, economic and cultural development in Israel shows that they are ready to extend direct help to disadvantaged areas in Israel.

In the programmes being planned, the stress is on those who live in areas that need extra help — development towns and certain urban neighbourhoods — whatever their origin. According to WSF spokesmen, you don't have to be Sephardi to benefit, say, from the planned legal aid service.

Another stereotype concerns the "hawkish" political leanings of the Sephardi population. Nessim Gaon, Steve and Lillian Shalom and other leaders of the WSF represent quite another tendency that should be strengthened in Israel — namely, Sephardim who are intent on keeping up the search for peace by extending their familiarity with, and sympathy for, Arab culture into a bridge for peace between Israel and its neighbours.

The third stereotype is of more recent origin and bears on the direction taken by the religious revival among many Sephardim in recent years. In Israel, this revival has taken a decidedly ultra-Orthodox direction, with the result that Sephardi religious leaders are taking increasingly extremist stands on religious issues and those concerning the status of women in modern society.

Gaon and other WSF leaders have minced no words in denouncing these trends amongst Israeli Sephardim, and have stressed the importance of preserving and reviving the historic Sephardic tradition that has always stressed moderation and tolerance.

The new organizational initiative is connected with a plan to move the WSF headquarters to Jerusalem and to set up a Sephardi House that will operate programmes in Israel and the Diaspora, without being dependent on the financial backing of the WZO and Jewish Agency. The Federation and the Sephardi House will develop projects jointly with a planned Council of Development Town and Urban Area representatives. This is a natural extension of the direct ties between the grass roots in Israel and the Diaspora established in Project Renewal.

Instead of being simply a minor appendage of the WZO, through the minuscule Department of Sephardi Communities, an independent WSR will be able to act with a stronger voice. Israel as a whole, and not only the Sephardi community here and abroad, has much to gain from such a refreshing new effort.

**Better a seat belt
Than a head welt.**

Harassing and antagonizing Awad for his line of thinking will gain us nothing

Give peaceful resistance a chance

Susan Hattis Rolef

from its denial of our right to exist, its refusal to come to terms with us, and the terrorist means it uses against us, to ask ourselves whether there ought not to be some operative conclusions from our professed positions.

Certainly, an elementary right of any nation is to resist an oppressive foreign occupation. There is something very disturbing when an enlightened writer like Yosef Goell ("Awad — the Sham of Non-Violence," *The Post*, November 25) advises Awad, and others like him, to refrain from preaching resistance, peaceful or otherwise, and concentrate on advocating compromise, when a majority of the Israeli public does not recognize the Palestinians as a nation, denies them basic civil and human rights, and seeks to annex and Judaize the West Bank and Gaza Strip. Goell adds insult to injury by advising Israel "to get rid" of Mubarak Awad whom he admits he has never met, even though the man resides in Jerusalem and is easily accessible.

If we take the position that our occupation of the West Bank and

Gaza Strip is not a goal in itself — that in the long run it is not only unjust for those being occupied but harmful to our basic interests and should be ended as soon as a settlement is found which guarantees our existence within secure and recognized boundaries — we cannot view non-violent resistance to this occupation as an act warranting banishment. Banishment is especially unjustified if those who preach it also profess to believe in a settlement based on mutual recognition and co-existence.

Rather than banish "Awad and others like him," we ought to express our understanding for their aspirations while at the same time trying to get them to help create the conditions under which we shall feel able to terminate the occupation without jeopardizing our security.

Furthermore, if there are any Palestinians who are capable of viewing the situation in realistic terms, of realizing that the traditional Palestinian policy of "all or nothing" is responsible to a very large extent for the current Palestinian predicament, of grasping and appreciating our point of view, and of seeking new ways to try to break out of the vicious circle of hatred, violence and stalemate, they are the Mubarak Awads.

We have nothing to gain by harassing and antagonizing such persons, though their views and attitudes may not always be pleasant or convenient to us. Our occupation is less pleasant and convenient to them. If everything were pleasant and convenient why would anyone wish to change the status quo?

At the same time, if occupation is at all possible it is only through persons like Awad whose American education has taught him the meaning of the word "coexistence." Rather than viewing them as enemies, we ought to see them as potential allies with whom we can develop a relationship based on true equality.

But first they must grow and develop. They must gain strength and influence. Our main, if not only, assistance to them must be on a fraternal basis putting unreasonable obstacles in their way. They are a minority among their own people, and they must struggle against other moods and trends, frequently at the risk of their lives. The odds for their success are low even if we do not try to stop them. We should have an interest in their failure.

The writer is editor of the *Labour Party's English-language monthly, Spectrum*.

Who's the right man for the job?

Raanan Weitz

THE JEWISH AGENCY needs many changes in order to face its future. This is the right time to start those changes with the election of a suitable personality as chairman of the Executive.

The chairman should have the qualities and the experience to initiate basic changes in three spheres: the goals and objectives of the Agency's activities; the relationship between the young leadership in Israel and in the Diaspora; and the internal organization and management of the Agency.

The peripheral areas of Israel, namely, the development towns, moshavim and kibbutzim, are today in the midst of a deep economic and social crisis. Ironically, those very areas were created and settled to a great extent by the Agency during the remarkable challenges it had to face in the early 1950s. Now they need, as soon as possible, to undergo a basic restructuring that will redirect their human and physical infrastructure from the existing agricultural predominance primarily to industry and services.

This calls for an integrated approach, specific investments in education and training and, most important of all, the recruitment of private enterprise for the development of industry.

This reality demands a reappraisal of the role of the chairman from philanthropic, humanistic partnership with the Diaspora to a new,

active involvement that will lead to joint effort and responsibility on the part of the Israeli and the Diaspora leadership. This message should be the main thrust of the Agency's leaders.

The future chairman will be required to revise the existing organizational structure and shape it for the new goals. This demands a close understanding of the departments involved and the challenges they face.

THESE THREE TASKS define the characteristics necessary in a chairman who will have to grapple with a myriad problems on a daily basis and provide long-term solutions for them. The complexity of the problems demands leadership qualities based on an intimate understanding of the internal situation as well as an ability to translate this awareness into concrete action.

The relationship between Israel and the Diaspora has changed, and this change must be reflected in the functions of the chairman.

We can no longer be satisfied with a public figure noted for his ability to speak from the rostrum. We must demand active involvement from a leader intimately acquainted with problems at the grass-roots level. This awareness will enable him to build a bridge to the younger generation in the Diaspora, whom we so vitally need to involve, for the sake of our future as well as theirs.

The writer is a former head of the Jewish Agency Settlement Department.

EMIGRATION

(Continued from Page One)
views, he added, "there are probably going to be some good exchanges" during the summit.

In the interview, Gorbachev accused the U.S. and other western countries of pushing for Soviet emigration to promote a Soviet "brain drain." To back up his point, the Soviet leader said the U.S. was reluctant to accept immigrants from Mexico and other less-developed countries while anxious to welcome Soviet citizens.

He quoted an unnamed western diplomat as saying in the 1970s that the Soviet emigration process had "resolved" the shortage of mathematicians in the U.S. by 50 per cent. To solve America's own problems, Gorbachev said, it is "organizing a brain drain" and, of course, we're protecting ourselves. That's number one.

Still, the Soviet leader said the Soviet Union would resolve individual cases "in a very attentive and thorough manner" and "in a spirit of humaneness." But he said Soviet laws would be obeyed. "We have our democratic state, we have our nation which is based on the constitution and our own laws."

As far as family reunification is concerned, Gorbachev said, "we believe that to be a problem." He promised to consider the issue "attentively."

But those possessing security secrets, he added, "cannot leave." He insisted there was no other reason for denying someone permission to emigrate.

Gorbachev did not specifically refer to Soviet Jews or Israel.

The State Department rejected the notion that Soviet citizens wanted to emigrate only because of outside agitation. "I think the reason that people want to emigrate is well and widely known," the spokesman said. "So I think you only need to talk to the many people who have come out of the Soviet Union to let them tell their own story as to why they chose to emigrate, and I think that speaks eloquently."

He said emigration was a "fundamental human right. It's a right which belongs to all people, whether they be intellectuals, workers, or any sort of person."

FUNDRAISERS

(Continued from Page One)
well of "anti-American" sentiments in Labour in the wake of the previous disqualification of Agency Treasurer Akiva Levinsky's candidacy.

Sources close to Peres said that the foreign minister would not comment on Kaplan's letter, but that he was making it public so that the Central Committee delegates could take its contents into account.

Dinitz said last night that the letter gives him the "power and authority" to institute far-reaching changes at the Agency. "Nothing can be done without the trust of our

American partners," Dinitz said, adding that he hopes that Labour will not regard the consent to his candidacy as a disadvantage.

Labour Secretary General Uzi Baram, a clandestine supporter of Zivli's, estimated last night that the letter would not effect a dramatic change in the preferences of committee delegates. He did, however, express some concern that the letter might have a negative effect on the voting patterns in the World Zionist Congress itself, which is scheduled to choose between the candidates of Labour and the Likud next Monday.

IN PERSON

(Continued from Page One)
I was not a member."

Papoulas firmly denied that Athens' new policy towards Jerusalem was in any way influenced by calculations of its possible effect on Washington. "It is not related at all. I must underline that American officials have never spoken to us about Greek-Israeli relations. And they did well not to, as this could have been taken as interference in the internal affairs of Greece."

Papoulas said that Greece in the past had tried to help Israel in negotiations for the release or exchange of prisoners of war and hostages in Arab hands. "We have done so not only for Israel but also for other countries," he named Britain and France, in respect of whose captured citizens Greek intercession proved "effective."

Turning to the Middle East conflict, Papoulas said that Greece "does not regard the Palestine Liberation Organization as a terrorist organization. The PLO expresses the Palestinian people's desire for a homeland of their own."

"Greece is opposed to terrorism, condemns it unreservedly, whatever quarter it comes from. Terrorism undermines international relations, and Greece, as is well known, has itself been a victim of that terrorism."

"But Greece, certainly, makes a distinction between terrorism and struggles for liberation, movements struggling against dictatorship or colonialism. This is because the people

READERS' LETTERS

THE ROLE OF ALTRUISM

To the Editor of *The Jerusalem Post*
Sir, — J. Voet's letter ("Why they risked their lives to save Jews" — November 10), in response to my article of September 21, offers interesting insights on the statistics of rescue activities in the Netherlands with which I take no issue. I do, however, differ in the interpretation of these figures.

No human deed of moral grandeur is generated by a single motivation alone. The challenge facing the student of altruism is, however, not merely the collating of the various factors at play at any given decision-making situation, but the rather arduous task of discerning the predominant one.

My article was not meant to suggest that altruism was the sole factor governing the behaviour of the Righteous Gentiles. This would have been a naive position to take, given the plethora of affectations and inducements conditioning the individual person in important decision-making processes. It was rather meant to draw attention to one of the most potent attributes in man's subconscious mind which, in my opinion, may have made the difference in the ultimate decision to shelter in one's home a persecuted Jew. It was suggested that altruism as a *sui generis* human attribute — which society, while not formally condemning it, has nevertheless caused to be subtly repressed —

showed itself to be the deciding factor for most Righteous Gentiles recognized so far by Yad Vashem.

In order to weed out, as much as possible, acts of rescue based on other than humanitarian motives, Yad Vashem criteria require that all such stories be corroborated by the rescued persons themselves and the rescuer's nomination to the Righteous title be supported, even strenuously so, by their former charges. Where considerations of monetary rewards or of simply carrying out what superior officials had ordered were involved, one would expect this to colour, in one way or another, the rescued person's evaluation (ever alert and sensitive to any potential threat to his precarious existence during the period of hiding) of his benefactor's true motivations. It is hence unlikely that such a person would then exert pressure for his rescuer to be awarded the high distinction of Righteous Among the Nations unless the degree of warmth, kindness and acceptance displayed by his rescuer was apprehended as indubitably sincere and truly humanitarian — an ulterior motive originally conceived to have been superseded by the altruistic one.

DR. MORDECAI PALDIEL
Director,
Dept. for the Righteous
Among the Nations,
Yad Vashem,
Jerusalem.

MARIJUANA

To the Editor of *The Jerusalem Post*
Sir, — Judge Douglas Ginsburg had to withdraw his candidacy for the United States Supreme Court for having, during the Sixties and Seventies, occasionally smoked marijuana. And who did not?

Marijuana is probably the second largest crop in U.S. agriculture with an annual turnover of \$16.6 billion, according to the National Organization for the Reform of Marijuana Laws.

In the State of Vermont, marijuana is the largest cash crop as reported by Narcotics and Drug Research Inc., which, in its *Resource Handbook*, states that 62 per cent of the U.S. population over 25 have tried the weed, mostly without addictive consequences.

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